DXC.technology

DXC Technology Response to

Arkansas Development Finance Authority (ADFA) in conjunction with Department of Information Systems (DIS) RFP

Technical Proposal – Copy 1

Solicitation Number	**:**	SP-19-0025
Proposal Opening Date	**:**	Friday, December 7, 2018
Proposal Opening Time	**:**	2:00 p.m., Central Time

December 7th, 2018

Tanya Freeman
Procurement Specialist
Arkansas Office of Procurement
1509 West 7th Street, Room 300
Little Rock, AR, 72201

Greetings –

DXC Technology (DXC) is pleased to submit a response to the State of Arkansas' request for proposal regarding potential Systems Integrator for the state Data Center Optimization, issued on November 9th, 2018. DXC has developed a solution that will enable the state to achieve its strategic business and IT objectives. Our recommended solution will enable the state to:

- Plan and design an effective and efficient migration with DXC's Workload Assessment & Migration Engine (WAME) framework
- Mitigate any current environment disruption through DXC's Transition and Transformation Methodology (TTM)
- Make faster and more informed migration decisions through our key partnership with Turbonomic
- Address short-term and long-term needs a flexible, scalable solution with a globally-leveraged Service Management team

Our proposal describes our experience, partnerships, methodolgy frameworks and key personel that will help the state complete a successful migration. We appreciate the opportunity to offer a proposal in response to the State of Arkansas' requirements. We are committed to the state's success and we are confident that our solution addresses your critical business and IT requirements. We look forward to meeting with members of your team to review the value-added benefits of our proposed solution and to discuss the next steps in forging a strong and mutually beneficial business.

Sincerely,

John Mc Cabe

John McCabe
Industry General Manager and Vice President, Americas Public Sector

Contact Person

Cailey Manley
Client Executive
AMS Public Sector

T +1.469.808.2678
M +1.972.310.7113

DXC Technology
5400 Legacy Drive
Plano, TX 75024
cailey.manley@dxc.com

www.dxc.technology

Template T-1

Cover Letter and Executive Summary

Response Template

RFP #: SP-19-0025

Proposal Formatting and T-1 Contents

ADFA and DIS strongly prefer that Prospective Contractor's proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor's proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

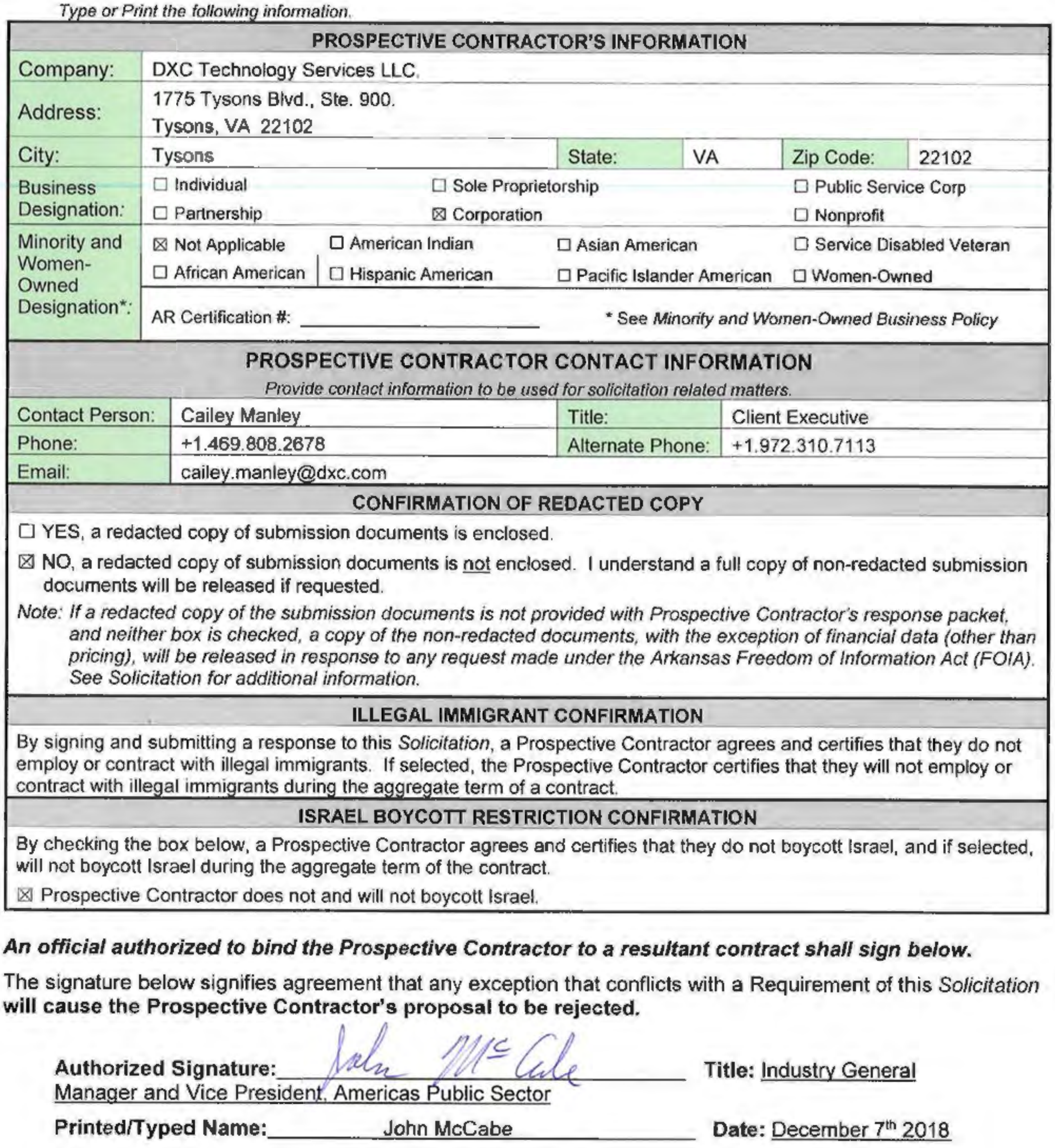
Template Section	Response No.	Response Template Section
1.0 Proposal Signature Page	1.1	Proposal Signature Page
2.0 Table of Contents	2.1	Table of Contents
3.0 Executive Summary	3.1	Executive Summary
4.0 Minimum Mandatory Qualifications	4.1	Minimum Mandatory Qualifications
5.0 Subcontractor Contact Information	5.1	Subcontractor Contact Information (if applicable)

List of Tables

Table 1: Minimum Mandatory Qualifications
Table 2: Subcontractor Contact Information

1.0 Proposal Signature Page

1.1 Proposal Signature Page



Type or Print the following information.

PROSPECTIVE CONTRACTOR'S INFORMATION					
Company:	DXC Technology Services LLC.				
Address:	1775 Tysons Blvd., Ste. 900. Tysons, VA 22102				
City:	Tysons	State:	VA	Zip Code:	22102
Business Designation:	□ Individual □ Partnership	□ Sole Proprietorship ☒ Corporation		□ Public Service Corp □ Nonprofit	
Minority and Women-Owned Designation*:	☒ Not Applicable □ African American	□ American Indian □ Hispanic American	□ Asian American □ Pacific Islander American	□ Service Disabled Veteran □ Women-Owned	
	AR Certification #: ______________________		* See *Minority and Women-Owned Business Policy*		

PROSPECTIVE CONTRACTOR CONTACT INFORMATION *Provide contact information to be used for solicitation related matters.*			
Contact Person:	Cailey Manley	Title:	Client Executive
Phone:	+1.469.808.2678	Alternate Phone:	+1.972.310.7113
Email:	cailey.manley@dxc.com		

CONFIRMATION OF REDACTED COPY

□ YES, a redacted copy of submission documents is enclosed.

☒ NO, a redacted copy of submission documents is not enclosed. I understand a full copy of non-redacted submission documents will be released if requested.

Note: *If a redacted copy of the submission documents is not provided with Prospective Contractor's response packet, and neither box is checked, a copy of the non-redacted documents, with the exception of financial data (other than pricing), will be released in response to any request made under the Arkansas Freedom of Information Act (FOIA). See Solicitation for additional information.*

ILLEGAL IMMIGRANT CONFIRMATION

By signing and submitting a response to this *Solicitation*, a Prospective Contractor agrees and certifies that they do not employ or contract with illegal immigrants. If selected, the Prospective Contractor certifies that they will not employ or contract with illegal immigrants during the aggregate term of a contract.

ISRAEL BOYCOTT RESTRICTION CONFIRMATION

By checking the box below, a Prospective Contractor agrees and certifies that they do not boycott Israel, and if selected, will not boycott Israel during the aggregate term of the contract.

☒ Prospective Contractor does not and will not boycott Israel.

An official authorized to bind the Prospective Contractor to a resultant contract shall sign below.

The signature below signifies agreement that any exception that conflicts with a Requirement of this *Solicitation* **will cause the Prospective Contractor's proposal to be rejected.**

Authorized Signature: John McCabe **Title:** Industry General Manager and Vice President, Americas Public Sector

Printed/Typed Name: John McCabe **Date:** December 7th 2018

2.0 Table of Contents

2.1 Table of Contents

Instructions: Provide a Table of Contents for the proposal. This should include all parts of the proposal, including response forms and attachments, and should be identified by volume and page number. The structure of the proposal should match the structure of the Response Templates for ease of proposal evaluation. The Table of Contents should identify all sections, figures, charts, graphs, etc.

Volume **Page No.**

Template T-1 – Cover Letter and Executive Summary

1.0 Proposal Signature Page………………………………………………………………………………2
1.1 Proposal Signature Page……………………………………………………………………....2
2.0 Table of Contents ……………………………………………………………………………...…3
2.1 Table of Contents………………………………………………………………………………3
3.0 Executive Summary…………………..…………………………………………………………6
3.1 Executive Summary…………………………………………………………………..….…….6
4.0 Minimum Mandatory Qualifications ………………………...………………………………11
4.1 Minimum Mandatory Qualifications……………...………………………………………...11
5.0 Subcontractor Contact Information…………………………………….……………………....12
5.1 Subcontractor Contact Information (if applicable) …………………………………………....12

Template T-2 – Corporate Background and Experience

1.0 Corporate Background ……………………………………………………………………………2
1.1 Corporate Background ……………………………………………………………….......2
1.2 Past Mergers and Acquisitions………………..………………………………………….......10
1.3 Financial Information……………………………..……………………………….........15
2.0 Corporate Experience……………………………..………………………..………………......16
2.1 Understanding of Data Center Optimization Services …………..……………………………...16
2.2 Existing Business Relationships with the State of Arkansas……………….…………………18
2.3 Business Disputes………………………………………………..…………………..….………18
2.4 Projects Completed in the Last Seven Years…………………………..……………….………19
2.5 Quality Certifications……………..……………………………..…………………..…..……24
3.0 Assumptions …………………..…..……………………………………………………………26
3.1 Assumptions………..…………..………………………………………………………..……..26

Template T-3 – Project Organization and Staffing, and Staff Experience

1.0 Contractor Project Staffing …………………………..………………………………………..……2
1.1 Key Personnel …………………………………..……………………………....................2
1.2 Subcontractor Key Personnel (if applicable)…………..………………………………………….4
2.0 Prospective Contractor Project Organization and Staffing Plan.........…..…………………….......6
2.1 Project Organization and Staffing Plan ……………………………..……………………..…...6
2.2 Staff Management ………………………………………………………………………………10
2.3 Training Policies and Procedures .……………………………..…………………………..……….13
2.4 Staff Retention …………………………..……………………………………………..…….…14
2.5 Work Location(s)….…………….………………………………..…………………………..…..……15
2.6 Resumes)….………………..……………………………..…………………………..…..………16
2.7 Collaboration)……………………..……………………..…………………………..…..………16
2.8 Governance)….…………….……………………………..…………………………..…………17
3.0 Assumptions …………………..………………………...……………………………………20
3.1 Assumptions……………....…………………………………………………………..…………20

Template T-4 Methodology to Requirements Approach

1.0 Methodology…………………………..………………………………………………….………2
1.1 Planning an Migration………..……………………………………………………………...2

1.2 Tools…………………………………….…………………………………………….………….....9
1.3 Quality……………………………….……………………………………………..………...12
2.0 General Behavior Requirements…………….…………………………………….…………15
2.1 Overall Approach (Planning and Execution)…………...…………………………………………...15
2.2 Discovery and Information Gathering……………….……………………….……………….....26
2.3 Transformation…………………………………………………………………………….....27
2.4 Readiness……………………………………………………………………………………....30
2.5 Information Risk………………………………………...……………………………………....32
3.0 Service Level Requirements.……………………………………………………………………35
3.1 Service Level Requirements……..………………..……………………………………………...35
4.0 Assumptions……………..……………………………………………………………………36
4.1 Assumptions……………………………………………………………………………………....36

Template T-5 Work Plan and Deliverables

1.0 Project Management…………………………...…………………………………..…….…….2
1.1 Project Management Methodology…………………………..………………………….…………....2
2.0 Deliverables……………………………………...…………………………………….…………...9
2.1 Key Deliverables…………………………………..…………………………………………......9
3.0 Project Plan……………….………………………………………………………………………11
3.1 Project Workplan…………….…………………………………………………………………....11
4.0 Assumptions……………………………………………………………………………….………13
4.1 Assumptions…………………………………………………………………………………….....13

Template T-6 RFP Response Checklist

1.0 Prospective Contractor Checklists……………………………………………………………..…….2
1.1 Prospective Contractor Response Checklists……………………………………………………….2
1.2 Prospective Contractor Additional Forms Checklist……………….………………………………4
1.3 Prospective Contractor Attachments Checklist………………………………………………………4

List of Figures & Tables

Template T-1 – Cover Letter and Executive Summary

Figure 1 DXC Workload Migration Framework………………………………………………………………9

Table 1: Minimum Mandatory Qualifications……………………..……………………………………11
Table 2: Subcontractor Contact Information……….………………..…………………………………12

Template T-2 – Corporate Background and Experience

Figure 1 DXC at a glance………………………………………….…………………..……………….2
Figure 2 DXC Partner Network………………………………………..…………………………….3
Figure 3 Key Industries………………………………………………………………………….….3
Figure 4 Proof Points and Market Recognition…………………………………………………………5
Figure 5 DXC Managed Midrange Services on global scale and market presence…………………………..5
Figure 6 Snapshot of DXC's Expertise and Experience……………………………………………………5

Table A: Mergers and Acquisitions by DXC in Year 2018…………………………………………..……10
Table B: Mergers and Acquisitions by DXC in Year 2017…………………………………………..……12
Table C: Brands merged/ acquired by CSC and Enterprise Services business of Hewlett Packard Enterprise prior to their merger to form DXC (April 1, 2017) ………………………………….....…………12
Table D: DXC Financial Information References ……….…………………………………………………15

Table 1A: Projects completed in the last 7 years……………………..………………………………..19
Table 1B: Projects completed in the last 7 years……………………..…………………………..…….22
Table 1C: Projects completed in the last 7 years……………………..………………………………..23
Table 2: Quality Certifications…………………………………………………………………………..24
Table 3: Assumptions…………………………………………………………………………………26

Template T-3 – Project Organization and Staffing, and Staff Experience

Figure 1 Project Organization Chart…………………...……………………………………………………………….7

Table A: Key DXC Roles and Responsibilities……………………………………………………………8
Table B: Retention and Growth Initiatives………………………..…………………………………….....11
Table C: Key Personnel Location……………………………..……………………………………………16
Table D: Key deliverable to be completed at Little Rock, AR……..…………………………………….16
Table E: Proposed Escalation Mechanism………………………..………………………………………18
Table F: Communication Plan………………………………….……………………………..……..…..19

Table 1: Prospective Contractor Key Personnel…………………...……………………………………..3
Table 2: Prospective Subcontractor Key Personnel……………...……………………………………....5
Table 3: Assumptions…………………………………………...……………………………………....20

Template T-4 Methodology to Requirements Approach

Figure 1 Team Interaction model…………………………………..……………………………………......2
Figure 2 DXC WAME Framework……………………………………………………………………….....3
Figure 3 Delivering Tangible Business Outcomes………………………………………………………......5
Figure 4 Typical decision tree for a migration of similar size and complexity………………………….......5
Figure 5 Typical process to create a sample assembly line……………………………………………........6
Figure 6 WAME Toolset for Migration……………………………………………………………………....11
Figure 7 DXC Quality Checkpoints during Data Center Migration……………………………………...........13
Figure 8 DXC Workload Migration Framework…………………………………………........................16
Figure 9 Steps involved during Migration design and planning phase……………………………………......21
Figure 10 Key Aspects of the Decision Tree………………………………...21
Figure 11 Decision Tree based on the analysis……………………………………….………………......22
Figure 12 Migration Plan…………………………………………………………………………………......23

Table A: Planning and Migration Methodology using DXC WAME Framework…………………………..…..3
Table B: Challenges associated with Data Center migration and their mitigation strategies…………….…..8
Table C: Overall Approach- Phased Execution…………………………………………………………......…17
Table D: Typical DXC approach during Transformation……………………………………………………..29
Table E: Key risks identified and their mitigation strategies………………………………………………….29
Table F: DIS Roles and Responsibilities for Assessment and migration Phases………………………..….30

Table 1: Information Risk……………………………………………………………………………………....32
Table 2: Delivery SLRs…………………………………………………………………………………….....35
Table 3: Service Quality SLRs……………………………………………………………………….........35
Table 4: Assumptions……………………………………………………………………………………......36

Template T-5 Work Plan and Deliverables

Figure 1 High Level Project Plan…………………………………………………………………………12

Table A: EDGE Project Management Disciplines………………..……………………………………….3
Table B: DXC WAME Framework- Primary Phases………………..……………………………………9

Table 1: Assumptions……………………………………………………………….………………………..13

Template T-6 RFP Response Checklist

Table 1: Prospective Contractor General Requirements Checklist…………………………………...……..2
Table 2: Prospective Contractor Response Checklist…………………………………………………………3
Table 3: Prospective Contractor Additional Forms Checklist…………………………………….………..4
Table 4: Prospective Contractor Attachment Checklist…………………………………………………….4

List of Forms and Attachments

- T2_CBE (1) – Corporate Background and Experience – 1.3 Financial Information Attachment
- T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment
- T3_POSSE – 2.6 Resumes Attachment
- T5_Project_PlanningFinal - 3.1_Project Workplan Attachment
- EO 98-04 Disclosure Form
- Copy of Prospective Contractor's Equal Opportunity Policy
- Voluntary Product Accessibility Template (VPAT)

3.0 Executive Summary

3.1 Executive Summary

Instructions: Provide a brief three (3) to five (5) page summary of the key aspects of the Prospective Contractor's Technical Proposal. The Executive Summary should include an overview of the Prospective Contractor's qualifications, approach to deliver the services described in the RFP, time frame to deliver the services, proposed team and advantage of this proposal to ADFA and DIS.

Executive Summary

Understanding the Arkansas Department of Information Systems' Goals

The Arkansas Department of Information Systems (DIS) is building a foundation for next generation digital government that all customers can use for current and future services to better serve its citizens. The DIS is looking for a vendor to truly partner with to redefine its IT infrastructure environment and migrate the agency managed systems and applications out of its aging MAC Data Center. This is all to serve DIS' long-term goals of transition to a target state of moving to the cloud. These goals require a solution that is designed to meet DIS's current short- and long-term needs in terms of the technology and strategic roadmap of DIS's existing IT infrastructure, as well as a flexible and scalable solution to meet the future business requirements of DIS.

Our Expertise

DXC is one of the world's leading independent IT services providers to government agencies in several nations. We partner with agencies to enhance and create citizen and staff outcomes and provide secure, 24x7 support to mission-critical systems and operations. We serve nearly 6,000 private and public sector clients across 70 countries. The company's technology independence, global talent and extensive partner network combine to deliver powerful next-generation IT services and solutions. And with over five decades of data center management, migration and consolidation experience, DXC is a partner that you can rely on.

Our qualifications include:

- Recognized by analysts as a "leader" in Gartner Magic Quadrants for Data Center Outsourcing and Infrastructure Utility Services
- Globally support over 1,300 clients in 100,000 database instances, 289,000 MIPs, and 400,000 servers, including 100,000 virtual machines
- Supported more than 966 disaster declarations with a 100% success rate
- Reduced total cost of ownership by 20%

Coupled with our deep solution expertise, our proposal to DIS offers:

Better business outcomes. Our proposal enables you to meet your business goals through assessments, calculated advice, and meticulous planning, and allows maximized business performance and speed to market.

End-to-end accountability. Partnering with DXC will bring process efficiencies and outcomes while performing to the agreed upon Service Level Agreement (SLAs). Additionally, the safeguarding of data is our highest priority and will be part of the overall process through strict controls and risk management.

Proven transition methodologies. Our approach leverages proven migration processes, methodology and tools that have adapted to the different hosting models as the technology has evolved and has allowed minimal (close to zero) service disruptions.

Our Approach

DXC’s proposed solution will allow DIS staff to stay focused on the IT strategy and offers a standard, repeatable methodology to plan and migrate servers, applications, and data based on your requirements. We move your IT workloads using industry leading tools and best-practices deployment methods. These provide minimal disruption to business operations while adhering to various security controls. This is designed to meet DIS’s current short- and long-term needs and allows you to meet the future business requirements of DIS, such as adjusting business models to current agency, citizen or economic needs and situations and enabling innovation in a digitally connect world.

We offer a safe, fast and secure past on both traditional Data Center Hosting and a Public cloud, aligning to DIS’ hybrid strategy and supporting current business objectives. Our hybrid approach aims to achieve the right blend of cloud capabilities (i.e. hybrid cloud assessment and migration strategy) and traditional IT elements (i.e. compute, storage, security, disaster recovery). This allows you to provide better services to end customers, agencies, and, ultimately, your citizens.

Our approach flows through **4 phases – Discovery, Assessment, Planning and Design and Migration.**

1
Discovery

Here we are focused on building business engagement for the migration activity while validating key information on applications, infrastructure and interfaces in a repeatable way with the DIS Project team, all while collecting critical data for analysis.

2
Assessment

This begins with the analysis of data collected in the discovery phase, allowing us to create a detailed migration design and plans.

3
Planning and Design

In this phase, DXC uses the Assessment phase outputs to plan and design the target architecture. Here we leverage our proven Workload Assessment and Migration Engine (WAME) Framework, as well as a key partnership with Turbonomic to create a decision tree.

4
Migration

Working with DIS, DXC will execute the migrations, as per the agreed-upon wave plans.

We follow a detailed and phased plan to create the migration strategy that will best suit DIS, while allowing us to understand any risks or challenges to provide a safe, efficient and secure migration. Figure 1 defines our overall approach with a view to de-risk the entire process and reduce any effect it may have on the business or end users.

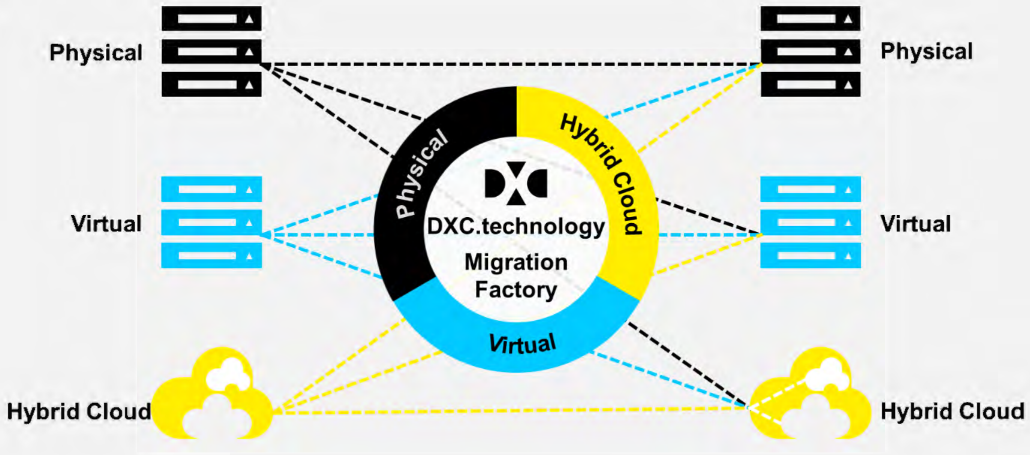


Figure 1 DXC Workload Migration Framework

With this detailed approach and our assurance of a low-risk transition and migration, DXC can commit to providing:

Efficient and fast transition and migration to meet DIS timelines, with zero to minimal downtime.

Mitigation of risks by identifying any challenges or unforeseen changes early and develop solid plans around these.

A highly flexible solution and services to allow scalability fit current mandated requirements and adhere to future roadmaps.

Optimization of workloads through DXC advisory and consulting services to understand workloads and how to maximize their migration without losing control of costs, and unnecessary risk exposure.

Our Commitment

DXC's commitment to DIS is that we will act as a true partner. Our actions will be guided first by what is right for your business and citizens, our long-term relationship, and mutual success. We will be honest and transparent, aggressively seeking ways to gain-share, reduce costs and risk, and improve service. Each and every day, clients count on DXC as their long-standing, trusted partner, and count on us to remain flexible and innovative as technology changes and evolves. We are excited and the opportunity of becoming a trusted IT advisor to the Department of Information Systems. We are honored to respond to this RFP and are committed to help the state of Arkansas in this effort to select the right partner for this initiative.

4.0 Minimum Mandatory Qualifications

4.1 Minimum Mandatory Qualifications

Instructions: Prospective Contractor **must** complete the table below. Provide specific references to proposal locations that support the Prospective Contractor's assertions that it meets the Minimum Mandatory Qualifications. Prospective Contractors that fail to provide clear, sufficient evidence that they meet the Minimum Mandatory Qualifications may be subject to rejection of proposal. ADFA and DIS may ask for additional clarifications relating to the Minimum Mandatory Qualifications prior to determination of compliance. Do not change any of the completed cells. Any changes to the completed cells could lead rejection of proposal.

Table 1: Minimum Mandatory Qualifications

#	QUALIFICATION ITEM	DOES THE PROSPECTIVE CONTRACTOR MEET QUALIFICATION ITEM?		REFERENCE TO PROPOSAL RESPONSE SECTION
1	The Prospective Contractor and Prospective Contractor's Subcontractors combined **must** have experience with three (3) U.S. Public Sector projects similar or greater in size, complexity and scope to this Project within the last seven (7) years. The State prefers the Prospective Contractor provide experience in the design of active-active enterprise data centers. (Response Template T-2, Response No. 2.4 will be used to confirm this)	YES ☒	NO □	**Please refer to Response Template T-2, Response No. 2.4**

5.0 Prospective Subcontractor Contact Information

5.1 Subcontractor Contact Information (if applicable)

Instructions: Complete the following information regarding the subcontractor's contact information. If more than one subcontractor is proposed, add more Tables as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 2: Subcontractor Contact Information

COMPANY INFORMATION:			
Company Name:	Not Applicable		
Address:	Not Applicable		
City, State & Zip Code:	Not Applicable		
Company Type (Check One):	□Private □Public Not Applicable		
Arkansas Economic Development Commission Minority Business Certification Number (if applicable)	Not Applicable		
Services to be Provided	Not Applicable		
PRIMARY CONTACT INFORMATION:			
Name:	Not Applicable	Title:	Not Applicable
Address:	Not Applicable		
City, State & Zip Code:	Not Applicable		
Phone:	Not Applicable	Fax:	Not Applicable
E-mail:	Not Applicable		

Template T-2

Corporate Background and Experience

Response Template

RFP #: SP-19-0025

Proposal Formatting and T-2 Contents

ADFA and DIS strongly prefer that Prospective Contractor's proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor's proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

Template Section	Response No.	Response Template Section
1.0 Corporate Background	1.1	Corporate Background
	1.2	Past Mergers and Acquisitions
	1.3	Financial Information
2.0 Relevant Experience	2.1	Understanding of Data Center Optimization Services
	2.2	Existing Business Relationships with the State of Arkansas
	2.3	Business Disputes
	2.4	Projects Completed in the Last Seven Years
	2.5	Quality Certifications
3.0 Assumptions	3.1	Assumptions

List of Tables

Table 1: Projects Completed in the Last Seven Years
Table 2: Quality Certifications
Table 3: Assumptions

1.0 Corporate Background

1.1 Corporate Background

Instructions: Describe the Prospective Contractor's corporate background as it relates to projects similar in scope and complexity to the project described in this RFP.

DXC Corporate Overview

DXC Technology Services LLC. (DXC) helps clients harness the power of innovation to thrive on change. For over 60 years, we have successfully guided the world's largest enterprises and government agencies through successful change cycles.

We take pride in our technology independence and our role as a trusted advisor. Our deep experience gives us a clear and confident vision to help clients navigate the future.

As the world's leading independent, end-to-end IT services company, we are uniquely positioned to lead digital transformations, creating greater value for clients, partners, and shareholders, and presenting compelling career opportunities for our people. We are among the world's best corporate citizens.

Technology is transforming business and industry at an extraordinary pace, and DXC will help clients to thrive on change.

Together with our partners, we help clients harness the power of innovation to create new business outcomes. Our technology independence, extensive partner network, and world-class talent are core differentiators. We begin the new chapter in our journey knowing that collectively we have met the challenges of innovation many times before, and with a clear and confident vision for navigating the future.

Mike Lawrie, Chairman, President, and CEO

DXC has established a differentiated operating model to deliver a seamless client experience as technology solutions are built, sold, and delivered. With over $21 billion in annual revenue, DXC works with nearly 6,000 clients in 70 countries, employs approximately 134,000 employees, and has an expansive global partner network to help clients transform digitally and seize opportunities.

The Figure 1 below provides DXC's high level corporate snapshot.

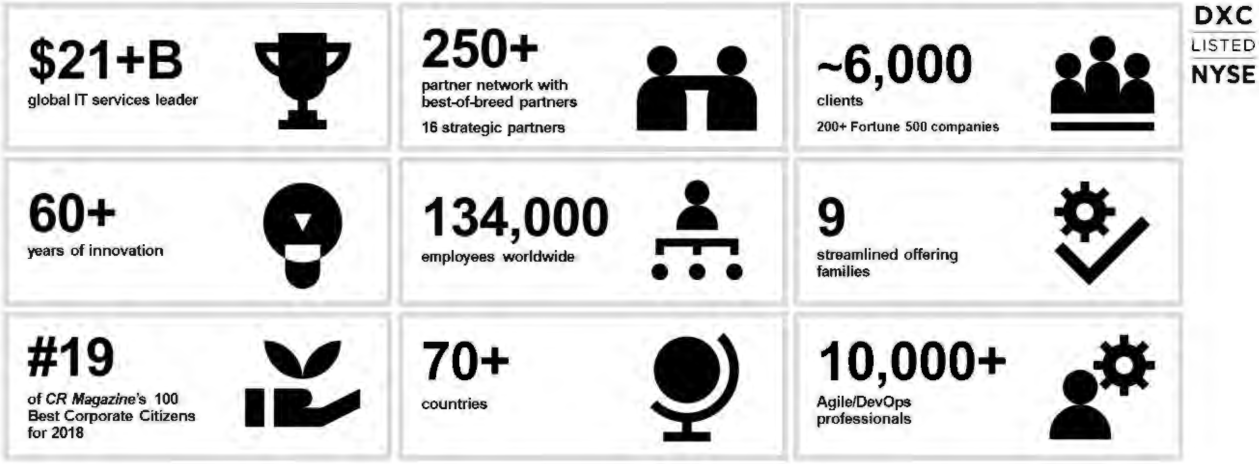
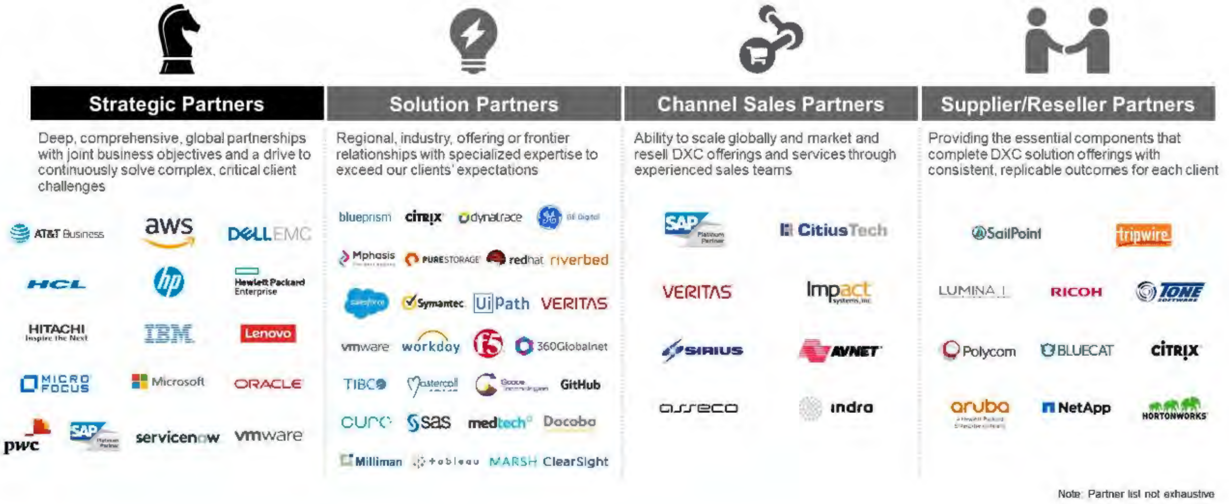

$21+B
global IT services leader
250+
partner network with best-of-breed partners
16 strategic partners
~6,000
clients
200+ Fortune 500 companies
DXC
LISTED
NYSE
60+
years of innovation
134,000
employees worldwide
9
streamlined offering families
#19
of CR Magazine's 100 Best Corporate Citizens for 2018
70+
countries
10,000+
Agile/DevOps professionals

Figure 1 DXC at a glance

Our extensive Partner Network helps us drive collaboration and leverage technology independence. We have established more than 250 industry-leading global Partner Network relationships, including 15 strategic partners. DXC delivers world-class digital offerings including Cloud, Workload, Platforms and ITO; Workplace and Mobility; Security; Analytics; Application Services; Enterprise and Cloud Apps; Consulting; Business Process Services; and Industry Software and Solutions. The Figure 2 below depicts a selected list of our Partner Network.



Strategic Partners

Deep, comprehensive, global partnerships with joint business objectives and a drive to continuously solve complex, critical client challenges

Solution Partners

Regional, industry, offering or frontier relationships with specialized expertise to exceed our clients' expectations

Channel Sales Partners

Ability to scale globally and market and resell DXC offerings and services through experienced sales teams

Supplier/Reseller Partners

Providing the essential components that complete DXC solution offerings with consistent, replicable outcomes for each client

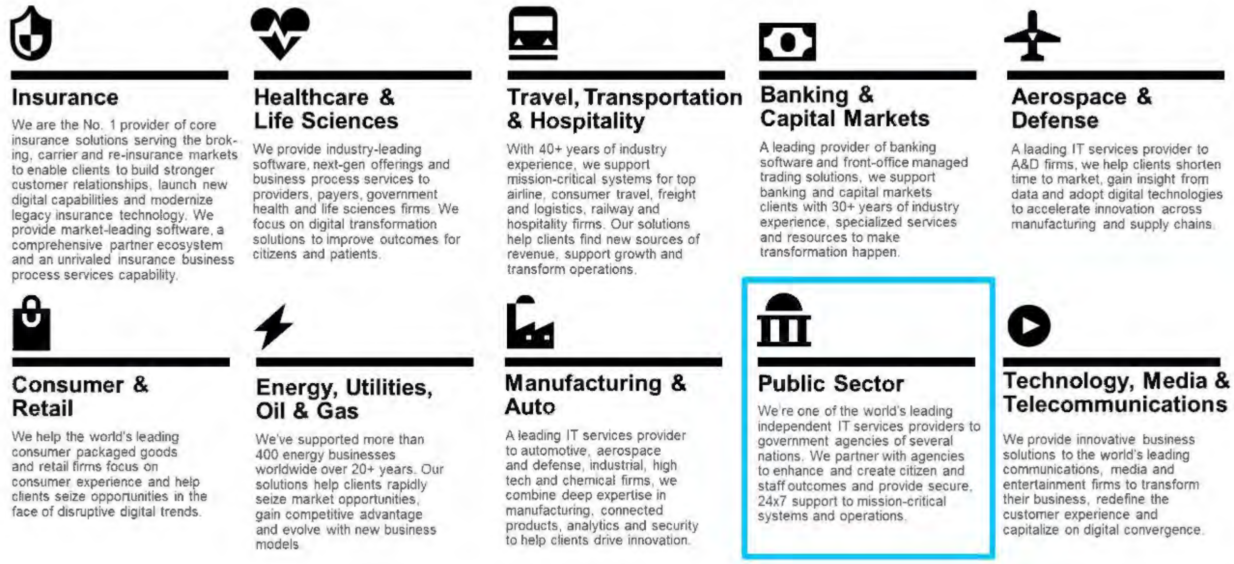
AT&T Business
aws
DELL EMC
HCL
hp
Hewlett Packard Enterprise
HITACHI Inspire the Next
IBM
Lenovo
MICRO FOCUS
Microsoft
ORACLE
pwc
SAP
servicenow
vmware
blueprism
citrix
dynatrace
GE Digital
Mphasis
PURESTORAGE
redhat
riverbed
salesforce
Symantec
UiPath
VERITAS
vmware
workday
f5
360Globalnet
TIBCO
Mastercall
Google
GitHub
curo
sas
medtech
Docobo
Milliman
tableau
MARSH ClearSight
SAP
CitiusTech
VERITAS
Impact
SIRIUS
AVNET
asseco
indra
SailPoint
tripwire
LUMINA
RICOH
TONE SOFTWARE
Polycom
BLUECAT
citrix
aruba
NetApp
HORTONWORKS

Note: Partner list not exhaustive

Figure 2 DXC Partner Network

DXC will leverage the expertise and competency of VMware, HPE and Turbonomic for the DIS migration project. Turbonomic is a key partner for us in the success of the program - their tool inherently provides us with detailed insight to current environment and any dependencies. This will be critical for the assessment phase to identify and group the dependent systems. VMware and HPE tools will aid in providing inputs to the end-state architecture in terms of virtualization technology and hardware requirements.

DXC operates in six global regions: Americas; United Kingdom and Ireland; North and Central Europe; Southern Europe; Asia, Middle East and Africa; and Australia and New Zealand. For each of these regions we cater to multiple industries as highlighted in Figure 3 below:



Insurance

We are the No. 1 provider of core insurance solutions serving the broking, carrier and re-insurance markets to enable clients to build stronger customer relationships, launch new digital capabilities and modernize legacy insurance technology. We provide market-leading software, a comprehensive partner ecosystem and an unrivaled insurance business process services capability.

Healthcare & Life Sciences

We provide industry-leading software, next-gen offerings and business process services to providers, payers, government health and life sciences firms. We focus on digital transformation solutions to improve outcomes for citizens and patients.

Travel, Transportation & Hospitality

With 40+ years of industry experience, we support mission-critical systems for top airline, consumer travel, freight and logistics, railway and hospitality firms. Our solutions help clients find new sources of revenue, support growth and transform operations.

Banking & Capital Markets

A leading provider of banking software and front-office managed trading solutions, we support banking and capital markets clients with 30+ years of industry experience, specialized services and resources to make transformation happen.

Aerospace & Defense

A laading IT services provider to A&D firms, we help clients shorten time to market, gain insight from data and adopt digital technologies to accelerate innovation across manufacturing and supply chains.

Consumer & Retail

We help the world's leading consumer packaged goods and retail firms focus on consumer experience and help clients seize opportunities in the face of disruptive digital trends.

Energy, Utilities, Oil & Gas

We've supported more than 400 energy businesses worldwide over 20+ years. Our solutions help clients rapidly seize market opportunities, gain competitive advantage and evolve with new business models.

Manufacturing & Auto

A leading IT services provider to automotive, aerospace and defense, industrial, high tech and chemical firms, we combine deep expertise in manufacturing, connected products, analytics and security to help clients drive innovation.

Public Sector

We're one of the world's leading independent IT services providers to government agencies of several nations. We partner with agencies to enhance and create citizen and staff outcomes and provide secure, 24x7 support to mission-critical systems and operations.

Technology, Media & Telecommunications

We provide innovative business solutions to the world's leading communications, media and entertainment firms to transform their business, redefine the customer experience and capitalize on digital convergence.

Figure 3 Key Industries

DXC Managed Midrange Services provides a full complement of global infrastructure services for decreasing the operating costs of old technology and helping fund and implement the transformation to new “business-building” technologies.

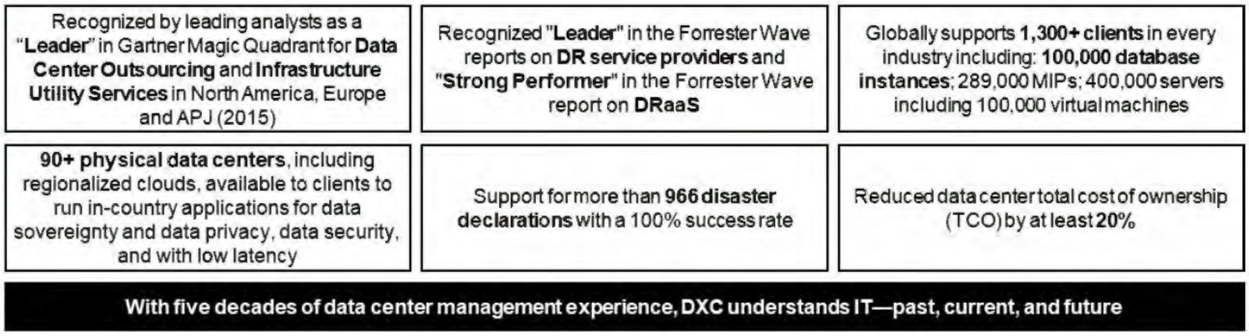
Our experienced onshore and offshore technicians leverage standardized tools and procedures to manage, monitor and support system operations deployed on premise or in a DXC Data Center. For an optimized, integrated and cost-effective infrastructure and platform, clients may choose from optional middleware, performance, capacity management and planning, and virtualization services. We automate whenever possible to increase efficiency and consistent delivery while ensuring a secure and stable operating environment.

Value Proposition

DXC Managed Midrange Services will enable DIS to meet their business goals through in-depth assessments, calculated advice, and meticulous planning, so that they can optimize their IT environments for improved TCO, maximized business performance and speed to market. Our team assists in executing plans for proposed migrations, implementations, and upgrades, providing a full complement of world-class management services at client or DXC sites. Our services accelerate time to value for our clients through automation, innovation, modernization, and virtualization. DIS can then maximize business performance, while protecting and securing complex infrastructures and platforms, and use realized cost savings to transform to a hybrid infrastructure. Below are few examples of the value that we have delivered to our other clients in the past:

- **Improved Cost Savings** - Realized 10% per year in savings with expected savings of $1.6B over 10 years through Data Center consolidation and server migration for a major equipment manufacturer in Europe. DXC consolidated of 140 Data Centers/data rooms into three global DXC Data Centers
- **Improved Performance** - Provided DXC infrastructure services that eliminated major outages to an international trade system for a Government entity in Asia. Delivered significant improvement in the Federal Governments Cyber-Security ranking
- **Speed to Market (M and A)** - Incorporated 56 new supermarkets into the Data Center environment in just 102 days consolidating virtualized servers and storage to provide more capacity while reducing IT footprint for a major U.S Grocery Chain
- **Effective cost-saving recovery** - Reduced IT costs by 20 percent, improved system availability and reliability with no severity 1 or severity 2 outages, and improved system redundancy to deliver nearly 100 percent network uptime for a U.S. public sector agency
- **Optimized recovery times** - Implemented a cost-effective DXC disaster recovery solution to protect a water-heating systems manufacturer. DXC IT-enabled the business processes and significantly improve metrics for the manufacturer. The manufacturer now maintains a recovery time objective of 7.5 hours, instead of five days, and has a recovery point objective of 15 minutes, compared to 24 hours previously - while requiring only one disaster recovery rehearsal per year.
- **Audit compliance and risk management** – Provided DXC Disaster Recovery Services to a banking client which enabled them to comply with stricter banking rules, near-zero failure rate, improved access to data and always-on disaster protection

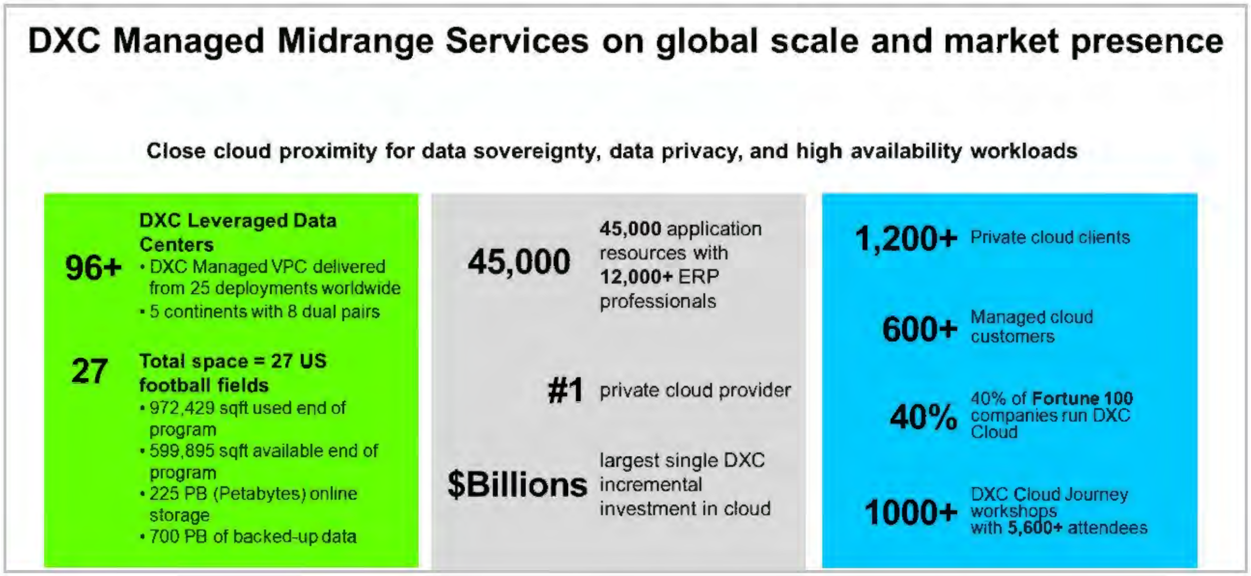
DXC has the experience and expertise to manage, integrate, and migrate DIS's servers, infrastructure, platform and application workloads. Proof points for our capabilities in Data Center Operations and Migrations is provided in Figures 4, 5 and 6 below.



Recognized by leading analysts as a "**Leader**" in Gartner Magic Quadrant for **Data Center Outsourcing** and **Infrastructure Utility Services** in North America, Europe and APJ (2015)	Recognized "**Leader**" in the Forrester Wave reports on **DR service providers** and "**Strong Performer**" in the Forrester Wave report on **DRaaS**	Globally supports **1,300+ clients** in every industry including: **100,000 database instances**; 289,000 MIPs; 400,000 servers including 100,000 virtual machines
90+ physical data centers, including regionalized clouds, available to clients to run in-country applications for data sovereignty and data privacy, data security, and with low latency	Support for more than **966 disaster declarations** with a 100% success rate	Reduced data center total cost of ownership (TCO) by at least **20%**

With five decades of data center management experience, DXC understands IT—past, current, and future

Figure 4 Proof Points and Market Recognition



DXC Managed Midrange Services on global scale and market presence

Close cloud proximity for data sovereignty, data privacy, and high availability workloads

96+ **DXC Leveraged Data Centers**
- DXC Managed VPC delivered from 25 deployments worldwide
- 5 continents with 8 dual pairs

27 **Total space = 27 US football fields**
- 972,429 sqft used end of program
- 599,895 sqft available end of program
- 225 PB (Petabytes) online storage
- 700 PB of backed-up data

45,000 **45,000** application resources with **12,000+** ERP professionals

#1 private cloud provider

$Billions largest single DXC incremental investment in cloud

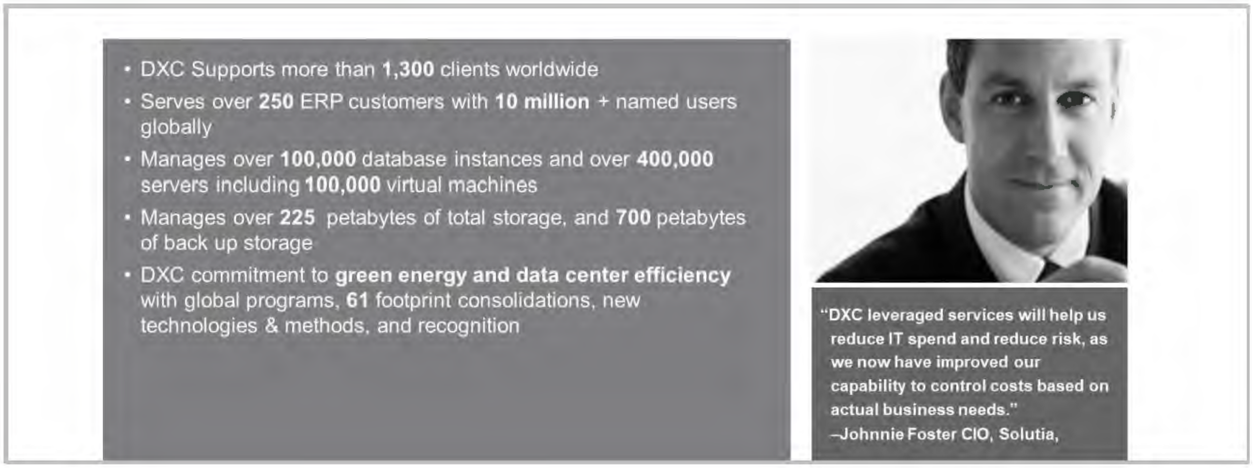
1,200+ Private cloud clients

600+ Managed cloud customers

40% 40% of **Fortune 100** companies run DXC Cloud

1000+ DXC Cloud Journey workshops with **5,600+** attendees

Figure 5 DXC Managed Midrange Services on global scale and market presence



- DXC Supports more than **1,300** clients worldwide
- Serves over **250** ERP customers with **10 million** + named users globally
- Manages over **100,000** database instances and over **400,000** servers including **100,000** virtual machines
- Manages over **225** petabytes of total storage, and **700** petabytes of back up storage
- DXC commitment to **green energy and data center efficiency** with global programs, **61** footprint consolidations, new technologies & methods, and recognition

"DXC leveraged services will help us reduce IT spend and reduce risk, as we now have improved our capability to control costs based on actual business needs."
–Johnnie Foster CIO, Solutia,

Figure 6 Snapshot of DXC's expertise and experience

Past experiences

1. California Work Opportunity and Responsibility to Kids Information Network (CalWIN)

Customer Profile	DXC CalWIN relationship	Data Center Transformation
• CalWIN is a modern client-based, on-line, real-time, automated eligibility determination, benefit calculation, and management system. • It includes 26 core subsystems that administer many complex Federal, State and County program rules and regulations. • CalWIN includes automated interfaces with State and Federal agencies and partners to manage case and benefit information. • CalWIN automates program administration tasks so that counties can focus on helping clients. The CalWIN consortium consists of 18 counties	• Our relationship spans more than 30 years • The CalWIN Consortium, managed by the Welfare Client Data Systems (WCDS) organization, relies on DXC to perform their most important work, through efficiently administering public assistance programs and providing quality services to California communities • WCDS partnered with DXC to successfully support its information systems, information technology and help desk operations for the CalWIN Counties. • WCDS partnered with DXC in successfully delivering and providing full lifecycle application outsourcing services, hosting, Data Center infrastructure services, and running a full-service, level-two CalWIN Help Desk	• Through CalWIN Operational Excellence program and DXC Leveraged Services, we successfully migrated the CalWIN Data Center, consisting of over 400 hardware and network assets, multiple applications and over 750 terabytes of data, from California to Oklahoma, with minimal impact to customers business • The migration was done in a “wave” approach, where each wave focused on a specific set of environments and related applications. • DXC provides a wide range of CalWIN services from full lifecycle application development and maintenance to hosting all environments from system development to user acceptance to production. DXC provides a level-two CalWIN Help Desk for all 18 CalWIN Counties, as well as providing Business Continuity and Disaster Recovery services covering the entire CalWIN IT enterprise, and office facilities.

Key benefits delivered by CalWIN system
• DXC supports CalWIN through all aspects of development, maintenance and operations, enabling the Counties with the ability to focus on their business mission to serve California communities • The CalWIN system is one of the largest Human Services Public Assistance Administration systems in the USA. The CalWIN system: – Manages 40% of caseloads in California, – Supports 12,000 users in 485 sites, – Provides benefits to 5 million Californians every month, – Processes 11 million online transactions daily with sub-second average response time, – Produces over 7 million client correspondences per month in 14 languages – Interfaces with State and County agencies • Counties use CalWIN to provide benefits such as CalWORKs/TANF, CalFresh, Medi-Cal, Refugee Cash Assistance, County Medical Service Program, Cash Assistance Program for Immigrants, In-Home Support Services, Foster Care, Kinship Guardianship Assistance Program, Cal-Learn, General Assistance/ General Relief, and Employment Services programs for Welfare To Work, Child Care, CalFresh Employment and Training Program and other county-specific employment programs. • Supporting tools and applications to benefit the counties and their customers, including a Business Intelligence solution, a customer facing MyBenefits CalWIN portal and Access CalWIN call center, functionality to communicate directly with customers through text messages, automated calls and electronic notifications

2. Health Insurance Provider

Customer Profile	Challenges	Solution Implemented
• Large Health Insurance Provider with 3.5 million covered lives • Claims payments of $50 Billion per year • Interact with more than 50,000 providers and their employees in the NE United States. (Pharmacies, Hospitals and other Institutions, DME, Dental and other Practioners) • Complete system replacement in 2005 • Several Large Projects including HIPAA, NPI, HIPAA 5010 format • Many small evolution projects vary widely in scope	• Severe penalties for downtime ($2,000/minute). • True 7x24x365 operation with no windows for planned maintenance. • High volume - 1 million claims per day with 30% Real Time • Real time claims adjudication with a 2 second response time SLA • Must be able to implement projects and provide infrastructure changes without an outage • Phase 1 integration 3rd party legacy solution with packaged based local development. Introduction of real-time claims and relational database • Phase 2 integration of Phase 1 plus additional legacy components. Complete replacement of database and major infrastructure • Data Center relocation required in 2008. • Near 0 RPO for DR, scalability and redundancy in line-with SLAs	• Migrated from legacy to IP only connectivity with business partners • Heavily virtualized at network, server, database, middleware and application layer • Leverage rolling upgrade strategy for Hardware, OS, Software and Application to provide continuous availability • Heavily automated to support continuous operations • Core components on highest available platform • Core system IBM z/Series hardware, z/OS, DB2, CICS provides scalability, redundancy, resiliency accessed through services layer • Extensive performance testing of all components, ongoing validation • Robust regression and QA process at application level • Cold compute site for DR with Hot Disk and Async replication

Results
• 143 minutes of planned downtime since November 2002 – 7 minutes for Phase 1 to Phase 2 cutover including migration to new relational database system, complete replacement of core infrastructure components. March 2005 – 134 minutes for datacenter relocation. Live data relocation to new site, shutdown, validation of new site and switch, October 2008 • 135 minutes of unplanned downtime since November 2002 • Average response time of.35 second is achieved • DR RPO of 2 to 5 seconds is achieved. RTO allowed is 48 hours, achieved is 8 hours • Implemented NPI, HIPAA 5010 and all core application changes with no downtime

3. Major Investment Bank

Customer Profile	Challenges	Solution Implemented
• Offices in more than 50 countries, including all major financial centers, employing approximately 64,000 people • Total assets of $1.4 trillion (US) in 2011 • Computing systems support all private and local banking	• While the systems and architecture deployed used tools for high availability and resiliency, there was an incomplete understanding of risk associated with certain release and change management processes. The probability of failure was well	• Two Data Centers within 10 Km connected by dark fiber. Computing systems deployed as active/active for both data and applications. Mainframe components managed through Geographically Dispersed Parallel Sysplex (GDPS). Less than 2 hours

services was well as investment banking globally - Over 1 trillion business transactions per year	understood but there was less emphasis on actual impact if a particular series of failures occurred. - As a result, what was considered a low risk task of redefining which of the two active Data Centers to be the primary resulted in an 8 plus hour outage that impacted majority of the bank's transactions. Additionally, restoration was dependent on an ancillary system since main system logs were partially lost.	scheduled downtime per quarter. Highly automated release and change management. - Additional remote Data Center set up as passive DR site (all data backed up to site with limited processing capacity to support degraded operations).
Results		
- Less than 2 hours scheduled downtime per quarter - Highly automated release and change management		

4. Government Tax System

Customer Profile	Challenges	Solution Implemented
- Scandinavian Government Tax and Revenue System – Taxes, Duties, Customs – Debt Collection – Tax Assessment on Real Estate and Cars – Gaming Activities - Client Goals – Provide high quality service to taxpayers – Reduce unit costs while maintaining a low tax gap (delta between taxes owed and taxes collected) – Faster implementation of regulatory and policy changes	- Large 6,500 peak active users – Citizens, foreign workers – Businesses – Import/Export transactions – Some users are global - High volume 300 to 500 interactions per second - High availability requirement to meet business and customer service quality goal - Disaster recovery with no data loss	- Redundant NetApp data storage configuration at a metro distance (12 Miles) with synchronous mirroring - Virtualized SAP NetWeaver Appservers and Central Instance replicated at 2 sites - NetApp Snapshot capability for instant backup - Integration of NetApp backup and restore technology with DB2 using DB2 Advanced Copy Services (ACS) - Load distribution at AppServer layer to both primary and secondary sites allows use of all installed capacity - Veritas VxFS provides fast failover in event of site disaster - Active/Passive database server configuration
Results		
- HA Failover of any component less than 2 minutes - Target recovery time in event of a site disaster is 15 minutes – Time for network route recalculation – Time for secondary site storage to recover and Backup DB2 server to mount LUNS and restart database - Ability to recover a damaged database object within minutes using Snapshot restore, DB2 ACS and DB2 forward recovery		

5. Transportation Manufacturer

Customer Profile	Challenges	Solution Implemented
• 62 production and engineering sites globally, employing approximately 36,000 people • $9.7B annual revenues • Provide complete transport systems designed for the environment • Over 100,000 vehicles in operation	• Criticality of vehicle operational data driving zero data loss DR requirement • Severe costs for downtime ($Thousands/minute) • Decentralized server model providing less reliable support structure • Older equipment requiring refresh • Dedicated equipment wasting capacity • Global, 24x7 operations – minimal downtime available	• Redundant EMC VMax data storage configuration at a metro distance (27Km) with synchronous (SRDF/s) mirroring • Virtualized SAP NetWeaver Appservers and Central Instance replicated at 2 sites, with Production systems load balanced between sites • Veritas Cluster Services provides fast failover in the event of a hardware failure • Active/passive database server configuration

Results

• HA Failover of any component less than 5 minutes
• Target recovery time in event of a site disaster is 15-30 minutes
  – Time to for network route recalculation
  – Time for secondary site storage to recover and Backup Oracle server to mount LUNS and restart database
• There is zero data loss in the event of a site disaster

6. Government – large federal agency

Business need	DXC solution	IT improvements
A large federal agency that support 12 district entities across the country needed to transform their combined infrastructure to be more responsive to their business model and to scale based on market requirements. They had 84 Data Centers with over 7000 mid-range systems, various operational support models, many redundant application, and inconsistent services. Additionally, their overall cost were 60% greater than comparable commercial environments. **Business Proposition** • Reduce 15 primary and 69 support Data Centers into two national Data Centers • Moved over 400 applications onto a common future state architecture	• DXC evaluated 25 representative client applications for migration to cloud environments. • The application suitability reports detailed Business and Technical the application fit to cloud. • DXC provided a Cloud Roadmap for migrating to cloud hosting. **Services and technology featured** Applications • CloudSystem Matrix Hardware • HP Converged Infrastructure DXC Services • Application Suitability Mapping for Cloud (ASM4C) • Infrastructure Modernization (IMOD)	• Reduce 15 primary and 69 support Data Centers into two national Data Centers • Moved over 400 applications onto a common future state architecture • Transform the existing infrastructure onto a virtualized and consolidated platform reducing the total images from over 7000 instances on 4800 systems to less than 900 systems. **Business benefits** • Reduced the procurement cycle to purchase new application development systems from >68 days to less than a week. • Reduced the run rate operating cost by application $1million/week.

• Transform the existing infrastructure onto a virtualized and consolidated platform reducing the total images from over 7000 instances on 4800 systems to less than 900 systems. • Reduced the procurement cycle to purchase new application development systems from >68 days to less than a week. • Reduced the run rate operating cost by application $1million/ week.	• Application Modernization (AMOD)	

1.2 Past Mergers and Acquisitions

Instructions: Describe past mergers and/or acquisitions the Prospective Contractor has undergone in the last seven (7) years. Include name changes as a result of these mergers and/or acquisitions.

DXC was formed on April 1, 2017, by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise. Both CSC and Enterprise Services have been in existence for more than five decades. DXC has successfully guided the world's largest enterprises and government agencies through successful change cycles.

We have highlighted all the mergers and/ or acquisitions undergone in the last Seven (7) years in the three tables below.

- Table A: Details the Mergers and Acquisitions by DXC in the year 2018
- Table B: Details the Mergers and Acquisitions by DXC in the year 2017
- Table C: Details the Mergers and Acquisitions by CSC and Enterprise Services business of Hewlett Packard Enterprise prior to their merger to form DXC (April 1, 2017)

Table A: Mergers and Acquisitions by DXC in Year 2018

No.	Company	Dated	Details
1.	TESM and BusinessNow	November 5, 2018	DXC announced that it has significantly extended the reach and capability of its ServiceNow (NYSE: NOW) practice with the acquisition of two leading ServiceNow partners - UK-based TESM, a global end-to-end ServiceNow partner, and BusinessNow, the largest independent ServiceNow partner in the Nordics. The additions of TESM and BusinessNow reflect DXC's commitment to its growing ServiceNow practice and build on the scale, reach, industry experience and skills portfolio necessary to lead in the fast-growing enterprise software-as-a-service (SaaS) market.
2.	argodesign	October 3, 2018	DXC announced the acquisition of argodesign, a nationally known product design consultancy based in Austin, TX. argodesign brings to DXC a team of experienced designers, expert technologists, strategic thinkers and passionate makers who will significantly enhance DXC's capabilities in interface design and user experience – key elements in delivering digital transformation solutions at scale.

3.	Molina Medicaid Solutions	October 1, 2018	DXC announced that it has completed its acquisition of Molina Medicaid Solutions (MMS), a Medicaid Management Information Systems (MMIS) business, from Molina Healthcare, Inc., to bring new benefits to state agencies and Medicaid recipients. DXC currently provides health and human services to government agencies across 42 U.S. states through more than 6,000 professionals, offering fiscal agent services, MMIS, program integrity, care management, immunization registry and eligibility services. The acquisition of MMS enables DXC to offer additional services and benefits (including pharmacy operations and drug rebate support) within five more states, as well as the U.S. Virgin Islands.
4.	System Partners	September 26, 2018	DXC announced it has signed an agreement to acquire System Partners, a leading provider of transformative, customer-centric projects that span the suite of Salesforce products. The acquisition of System Partners, a Salesforce Platinum partner in Australia and New Zealand, builds on DXC's digital transformation strategy and cloud-first focus. The acquisition will help DXC expand its capabilities in Salesforce implementations and managed services across the financial services, government, communications, media, utilities and education sectors.
5.	Perspecta	June 1, 2018	DXC completed the separation of its U.S. Public Sector (USPS) business and combination with Vencore Holding Corp. and KeyPoint Government Solutions to form Perspecta, an independent public company.
6.	Sable37 and eBECS	April 4, 2018	In separate agreements, DXC acquired Sable37, a leading Microsoft Dynamics 365 Value Added Reseller (VAR) and global independent software vendor of cloud-based industry solutions for Dynamics 365 and eBECS, an award-winning Microsoft Gold Partner delivering total Microsoft business solutions and managed services that help customers digitally transform their business. These acquisitions will significantly advance DXC's position as one of Microsoft's leading global independent Systems Integrator (SI) partners for Microsoft Dynamics 365. Sable37 and eBECS will be combined with DXC's Eclipse practice to enhance DXC's industry leadership and adding scale to its digital transformation strategy. The combination of DXC Eclipse with Sable37 and eBECS will enable DXC to significantly expand its Dynamics 365 cloud capabilities across the U.K., Australia, New Zealand, India, UAE, Saudi Arabia, the U.S. and Canada.
7.	M-Power Solutions	March 1, 2018	DXC announced it has signed an agreement to acquire M-Power Solutions, a leading Australian company focused on Oracle cloud-based, Enterprise Performance Management (EPM) and BI. The M-Power brand will be integrated within the DXC Red Rock practice and will build on DXC's digital transformation strategy. The acquisition will provide a mutually beneficial expanded reach given DXC Red Rock's larger presence on the East Coast of Australia.

Table B: Mergers and Acquisitions by DXC in Year 2017

No.	Company	Dated	Details
1.	Logicalis SMC	October 10, 2017	DXC announced that it has signed an agreement to acquire Logicalis SMC, one of the Netherlands' leading providers of technology-enabled solutions for the service management sector. The combination of Logicalis SMC with DXC's Fruition Partners' business solidifies DXC's position as one of the most experienced global integrators for ServiceNow®. The transaction will expand DXC's Fruition Partners presence in the Netherlands and Europe.
2.	Tribridge	July 5, 2017	DXC acquired Tribridge, one of the largest independent integrators of Microsoft Dynamics 365. The combination of Tribridge with the existing DXC Eclipse business solidifies DXC's position as a leading global systems integrator for Microsoft Dynamics. The acquisition includes the Tribridge affiliate company, Concerto Cloud Services. Under the acquisition agreement, effective immediately, Tribridge will be known as Tribridge, a DXC Technology Company.

Table C: Brands merged/ acquired by CSC and Enterprise Services business of Hewlett Packard Enterprise prior to their merger to form DXC (April 1, 2017)

No.	Company	Dated	Details
1.	UXC Limited	February 26, 2016	CSC acquired all outstanding capital stock of UXC Limited ("UXC"), a publicly owned IT services company and a leading provider of enterprise application capabilities, consulting, applications management, professional services, connect infrastructure and health services in Australia. The acquisition continued the rebalancing of CSC's offering portfolio, strengthening its next-generation delivery model, and expanding its client base around the world. The acquisition also expanded enterprise application capabilities, including Microsoft Dynamics, SAP, Oracle, and ServiceNow.
2.	Aspediens	July 5, 2016	CSC announced it has closed the acquisition of Aspediens, one of Europe's leading providers of technology-enabled solutions for the service management sector. Aspediens joined Fruition Partners, a CSC company, and CSC's worldwide ServiceNow® practice. Aspediens enabled IT organizations to transform business with the cloud. Founded in 2008, the company is a Preferred Solutions Partner of ServiceNow®. Aspediens has driven more than 500 projects to success with their unique and ready-to-go implementation methodology combined with deeply experienced consultants and a constant innovation in solutions and services. Aspediens serves Fortune 500, Global 2000, and mid-size companies internationally from its offices in Switzerland, France, Germany, and Spain.

3.	Dalmatian group	March 20, 2016	CSC announced the acquisition of the Dalmatian Group, a Canberra-based information and cybersecurity consultancy. The acquisition strengthened CSC's leadership position in the cybersecurity market for the Australian Federal Government.
4.	Xchanging plc	May 5, 2016	CSC announced completion of Xchanging plc acquisition. Xchanging provides global technology solutions to businesses in the insurance and financial services, healthcare, industry, real estate and public sectors. The acquisition of Xchanging brings to CSC: • A leading software solution in the insurance market, present in the complex business insurance market for more than 40 years, worldwide • Proven expertise and leadership in the UK insurance market: Xchanging has been recognized as London's leading provider of services and technologies since 2001 • A leading position in delegated management services dedicated to property and casualty insurance and wealth management With the acquisition of Xchanging, CSC will be at the heart of the digital transformation of the insurance industry. This operation is one of the pillars of the strategy implemented by the company, to support its customers in their digital trajectory, thanks to its new generation technology services. This strategy relies on the partners, the software solutions of the market and recognized expertise in this sector. The alliance of CSC and Xchanging will create a new technology leader and delegated process management (BPS) dedicated to the global insurance industry. The transaction significantly increases the coverage of this market for CSC and expands the range of services offered to customers of both companies.
5.	Fruition Partners	September 17, 2015	CSC acquired all of the outstanding capital stock of Fruition Partners, a privately held provider of technology-enabled solutions for the service management sector. The acquisition bolstered CSC's ability to offer enterprise and emerging clients an expanded range of cloud-based service-management solutions to improve their business through organizational efficiency and lower operating costs. Fruition was a leading provider of service management solutions and the largest consulting practice for ServiceNow®. Fruition was dedicated to helping organizations improve efficiency and lower costs by elevating service management to the cloud. Fruition has the technology-enabled tools and services to help organizations attain sustainable success throughout the service management process. As the only ServiceNow® Global Strategic Partner dedicated to the ServiceNow® platform, Fruition makes sure customers experience the benefits of cloud-based service management quickly and easily.

6.	Fixnetix	August 11, 2015	CSC announced it has signed an agreement to acquire Fixnetix, a leading provider of front-office managed trading solutions in capital markets. The proposed acquisition will enable CSC to offer capital market clients an expanded range of as-a-service front office capabilities and will strengthen its ability to address growing client demand for greater efficiency and innovation in trading, market data, hosting, infrastructure, connectivity and risk management.
7.	Eucalyptus	September 2014	HP finalized the purchase of Eucalyptus in September 2014. Eucalyptus was a provider of free and open-source computer software for building Amazon Web Services (AWS)-compatible private and hybrid cloud computing environments; enables pooling compute, storage, and network resources that can be dynamically scaled up or down as application workloads change.
8.	Shunra Software LLC	April 1, 2014	HP acquired Shunra Software, a privately held provider of network virtualization solutions for software testing.
9.	ServiceMesh	October 30, 2013	CSC signed a definitive agreement to acquire ServiceMesh, an enterprise cloud management company. This strategic acquisition enables CSC to continue its transformation into a next-generation IT company that helps its clients migrate their applications into cloud computing environments.
10.	Infochimps	August 08, 2013	CSC acquired Infochimps, a provider of big data platform-as-a-service for enterprise businesses and an open source innovator based in Austin, Texas and with an office in Redwood City, California. Infochimps' team of highly skilled big data and analytics professionals and engineers will accelerate the development of CSC's data services platform, enabling CSC to quickly scale its big data business and offering customers as-a-service access to advanced data analytics.
11.	PAE	May 29, 2013	CSC reached a definitive agreement with PAE for sale of its base operations, aviation and range services business unit, Applied Technology Division (ATD), for $175 million. CSC had acquired ATD with DynCorp purchase in 2003. This agreement, furthers CSC's transformation strategy to rebalance its portfolio of services by focusing on its core strength in next-generation technology solutions and services. CSC will sell the aviation maintenance, base operations and maintenance, test and training range, and space range businesses of ATD, while retaining the division's training and simulation business. ATD performs work at over 20 client locations in the continental United States.
12.	42Six Solutions, LLC	October 3, 2012	CSC announced that it has acquired 42Six Solutions, LLC (42Six). Based in Columbia, Md., 42Six is a premiere software development company that specializes in big data processing and analytics and advanced applications support for the U.S. Government Intelligence Community (IC) and the Department of Defense (DoD).

1.3 Financial Information

Instructions: Submit audited financial statements for the last three years, together with a current certification made by the CFO stating that statements are current, accurate and complete with the exception of any material adverse changes specifically described which have occurred in the status and/or prospects of the Prospective Contractor since the effective date of the most recent financial statement.

We are providing the audited financial statements for the last three years, certified by the CFO and signed in the Signature page of the respective Annual reports.

DXC was formed on April 1, 2017, by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise. Thus, we have provided annual reports for HPE and CSC for 2016 before the merger.

Table D: DXC Financial Information References

Fiscal Year	Company	Comments
2016	Hewlett Packard Enterprise	We have provided the annual report as part of the T2_CBE (1) – Corporate Background and Experience – 1.3 Financial Information Attachment
2016	CSC	
2017	DXC	
2018	DXC	

2.0 Corporate Experience

2.1 Understanding of Data Center Optimization Services

Instructions: Describe your understanding of the State of Arkansas DIS' requirements and how your organization can provide the best solution to achieve DIS' needs. Highlight the key differentiators and benefits of your organization and proposed solution. Please include any awards and honorable mentions earned by your organization in the context of helping clients (specifically Government) adapt to new technologies or with data center migrations, along with deployment of a highly virtualized and automated shared services environment. Condense and highlight in a maximum of three pages.

Describe your understanding of the State of Arkansas DIS' requirements and how your organization can provide the best solution to achieve DIS' needs

We understand the State of Arkansas DIS aims to build a foundation for next generation digital government that all customers can use for current and future services. The DIS is looking for partners to redefine its IT infrastructure environment and migrate the agency managed systems and applications out of it ageing MAC Data Center. We also understand that DIS intends to migrate customers positioned to do so, along with existing DIS systems, from the current MAC Data Center into the State's new Shared Services Environment as part of the Data Center Optimization (DCO) initiative. As part of this initiative, DIS aims to:

- Build an active-active DC architecture between SDCW DC and new colocation facility to render much-needed resiliency in the current Data Center environment. The active-active mode must be for an application at a single Data Center with capability to move to a second Data Center and service requests there, in the event of failure at the hosting site.
- Build an architecture for the Data Center operations to run as a Shared Services infrastructure across two active Data Centers, augmented with hybrid cloud capabilities (public and private)
- Conform to the five-year roadmap outlining various tasks and timelines to implement the Data Center Optimization strategy
- Schedule the Data Center migration be run over multiple waves and for each wave contractor is expected to conduct
  - Pre-migration: Preparation and project kick-off
  - Plan, design and architecture: Data gathering and low-level design
  - Build and data migration: Server, storage and network build and data migration
  - Testing and handover: System integration, testing, user acceptance testing and sign-off
- Include migration of the IT Infrastructure components from the MAC Data Center to the new Shared Services Environment as part of the migration plan
- Allow migrating whole applications and/or agency environments including all related servers and storage.
- Execute Phased Migration of Agencies into the DIS Shared Services Environment. The planning and migration of a subset of the Agencies systems shall be performed by DXC. The existing Agencies systems/services must be migrated to the Shared Services Environment at the SDCW and/or the new colocation Data Center. The migrations must be executed to provide minimal disruption to day-today operations. There are currently eighty-four (84) agencies, boards, and commissions that will be migrated.

- Schedule the overall process into 2 phase – Target State Design Phase and Migration Planning and Execution phase.

DXC's approach is simply to be called as "reconfiguring the Enterprise for 21st Century". DXC offers a safe, yet fast and secure solution based on both, a traditional Data Center Hosting and a Public Cloud. We bring our WAME (Workload Assessment and Migration Engine) methodology and practices for DIS in this project.

The solution is engineered to be secure and reliable, but also flexible and scalable for the future. This means it can easily scale up in the public cloud, while scale down in the traditional and vice versa. DXC commits to providing

- Efficient and fast transition and migration to meet DIS timelines:
  - Perform transition with zero to minimal downtime, and as fast as possible
  - Enable an IT operating model transformation that will evolve the IT organization, key processes and governance
- Reduction of risks with help of proven tools like Universal Discovery and Turbonomic:
  - DXC's WAME model for migration to an outsourced Data Center and public cloud service is built on experience from other complex infrastructure transitions. This puts DXC in a position to identify risks and unforeseen business-driven changes early and develop solid mitigation and change plans
  - Conduct readiness analysis to plan the transformation of applications and infrastructure
- Scalability:
  - With the elements of traditional Data Center hosting and the cloud- solution, DXC will transition DIS infrastructure to a service that fits the current mandated requirements and is also scalable to adhere to future roadmap/strategy.
  - The Hybrid IT strategy is key to get scalable future mode of operations
- Workload optimization though identifying the duplicate dependencies:
  - DXC advisory and consulting services are helping to understand what workloads are best migrated to Cloud as to traditional DC and how to maximize without losing control of costs, and unnecessary risk exposure
- Application Modernization and Transformation (AMT):
  - DXC AMT brings its rich experience in managing the applications after any complex migration. DIS will have the benefit of our AMT tools and practices to curate the applications and functionalities that might have issues after the migration is completed.

Highlight the key differentiators and benefits of your organization and proposed solution

DXC's solution is designed to meet DIS's current short- and long-term needs in terms of the technology and strategic roadmap of DIS's existing IT infrastructure. Equally important, the solution is flexible and scalable to meet the future business requirements of DIS, such as:

- Flexibility to adjust business models to the current markets and economic situations
- Support of DIS's productivity and profitability
- Enablement of innovation in a digitally-connected world

The solution includes a hybrid approach that aims having a right blend of cloud and traditional IT. Elements of traditional Data Center operations including compute, storage, security, disaster recovery. These elements will be combined with our capabilities in hybrid cloud assessment and migration strategy.

Please include any awards and honorable mentions earned by your organization in the context of helping clients (specifically Government) adapt to new technologies or with data center migrations, along with deployment of a highly virtualized and automated shared services environment.

- Gartner has positioned DXC as a Leader in their report, ***Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, North America*** - Mark Ray, William Maurer, David Ackerman, Stephanie Stoudt-Hansen, Robert Naegle, 18 June 2018
- Everest Group has identified DXC as a Leader in its report ***IT Infrastructure Services Automation – Market Trends and Services PEAK Matrix™ Assessment 2018: Become AI Aware or Fall Behind*** - Everest Group: Ashwin Venkatesan, Mukesh Ranjan, July 2018
- Gartner has named DXC as a Visionary in their report, ***Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Asia/Pacific*** - DD Mishra, Fred Ng, To Chee Eng, Stephanie Stoudt-Hansen, 10 July 2018
- Gartner has recognized DXC as a Leader in their report, ***Magic Quadrant for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Europe*** - Claudio Da Rold, Robert Naegle, David Groombridge, 14 June 2018
- TechMarketView has ranked DXC as #1 in their ***Infrastructure Views Report: Cloud and Infrastructure Services Supplier Prospects 2018*** - December 2017
- ISG has identified DXC as a Leader ***in the Provider Lens for Public Cloud Infrastructure Consulting and Implementation and Public Cloud Infrastructure Managed Services 2017***
  Namratha Dharshan, October 2017

2.2 Existing Business Relationships with the State of Arkansas

Instructions: Describe any existing or recent (within the last seven (7) years) business relationships the Prospective Contractor or any of its proposed subcontractors has with the State.

DXC has been the primary contractor and Fiscal Agent for Arkansas Medicaid continually since 1985. We have hosted the Arkansas Medicaid Management Information System (MMIS) in DXC Data Centers in Texas, Michigan and Virginia over our history. We implemented the first certified MMIS in Arkansas in October 1985 and recently implemented a new MMIS in November 2017, a three-year project of designing and customizing the new MMIS to meet Arkansas' needs.

DXC has worked closely with the Department of Human Services (DHS) on important health care policy initiatives including most recently the Payment Improvement Initiative, which includes stakeholders such as insurance companies, doctors, hospitals and other medical providers all working to transform the payment structure of the healthcare system and eliminate duplicate tests, poor coordination between providers, and unnecessary procedures. We also have helped DHS implement Arkansas's unique approach to Medicaid expansion called Arkansas Works.

We have a proud history of providing excellence service and bringing technical and business process expertise to the State of Arkansas, and we look forward to serving DHS other agencies of State Government in the future providing industry leading innovations and solutions

2.3 Business Disputes

Instructions: Provide details of any pending litigation or contracts terminated for Cause or Convenience in which the Prospective Contractor has been a party within the last seven (7) years and associated reasons. This should be limited to litigation or contract termination for services similar to those as requested in this RFP.

Regarding judgments, pending or expected litigation, or other real or potential financial reversals, DXC is a global company with countless contracts at varying stages of completion. Contracts may be terminated occasionally for varying business reasons, many of which are confidential. Similarly, DXC may have legal actions pending in various jurisdictions around the world, at any given time. As with each publicly traded company, DXC discloses material, public information regarding pending litigation in our SEC filings and annual reports. We can state with certainty to the State that we have no judgments, pending or expected litigation, or other real or potential financial reversals that will materially affect our viability or stability in performing the duties of this contract.

2.4 Projects Completed in the Last Seven Years

Instructions: The Prospective Contractor **must** have experience with three projects similar or greater in size, complexity and scope to this Project within the last seven (7) years. With each client example, identify whether the planning and execution were separate engagements. Indicate the level of transformation that occurred within the DC migrations and shared services deployments.

Complete and duplicate the table below for each project. Do not change any of the completed cells. Any changes to the completed cells could lead to the rejection of proposal.

Table 1A: Projects Completed in the Last Seven Years

PROSPECTIVE CONTRACTOR INFORMATION	
Prospective Contractor Name: DXC Technology Services LLC.	Prospective Contractor Contact Name: John Herzog
Project Dates: Current contract 2/1/2015 to 01/31/2020 with option for two extensions through 2025	Prospective Contractor Contact Phone: +1 501-258-0045
U.S. PUBLIC SECTOR'S CUSTOMER INFORMATION	
Public Sector: YES ☒ NO☐	
Customer Name:	Welfare Client Data Systems (WCDS)
Customer Contact Name:	Diane Alexander
Customer Phone:	+1 916-846-7331
Customer Email:	Diane.Alexander@CALWIN.ORG
Customer Address:	620 Roseville Parkway MS5687, Roseville, CA, 95747
PROJECT INFORMATION	
Total Prospective Contractor Staff Engaged:	330

Project Objectives:

The contract includes Maintenance and Operations (M&O) as well as enhancements to CalWIN systems. The following provides a high-level overview of services provided.

1. **Full System Development Lifecycle Applications support**

DXC supports all 26 Core CalWIN subsystems and change requests through the system development lifecycle phases, which includes applications development, maintenance, operations, ongoing change management, for its core Eligibility and Determination and Benefits Calculation online and batch systems, the MyBenefits CalWIN and Core CalWIN web portals, the My Benefits CalWIN mobile applications, CalHEERS interface, Access CalWIN, Contact CalWIN call center, County Information system replication, etc.

DXC manages the installation, support, operations, patching, version updates for a list of over 150 software products and utilities that comprise the CalWIN system or software that is used to support or run the CalWIN system. The applications supported include CMIPS interface, CalHEERS interface, CalWIN CIS replication, the full suite of MS Office products, Visio, to name a few.

DXC has a dedicated CalWIN Information systems department ("Run") comprised of system and application operations team members who run and manage the online and batch components of the CalWIN enterprise.

In support of enterprise operations and enterprise architecture, DXC also provides a Chief Technology Officer and an Account Security Officer to provide guidance and strategic direction in support of emerging technologies for CalWIN as whole, and to assist in transformation to hybrid cloud, or modern Data Center capabilities.

2. Full Infrastructure outsourcing operations and support.

DXC provides full service Data Center and infrastructure outsourcing and services management for CalWIN, inclusive of computing servers, database, network, batch, interface, storage, security, and desktop services. This IT outsourcing service is supported by a combination of dedicated IT "Run" organization resources, as well as by leveraged DXC expert resources with expertise in running modern Data Centers and public, government or hybrid cloud systems.

The dedicated CalWIN IT department ("Run") is comprised of system operations, database, network, batch, interface, storage, security, and desktop services, as well as team members who oversee Operational Excellence, with oversight and project management responsibilities for CalWIN IT projects.

This CalWIN IT run team, is supported by DXC leveraged resources from across DXC, with strong and deep expertise in information technology, thus expanding the overall experience and expertise available to CalWIN.

Project Description including Level of Transformation:

Data Center Transformation:

A recent transformation example is the CalWIN Data Center Transformation (DCT). Project oversight was provided by the CalWIN Operational Excellence team, with delivery jointly performed by CalWIN Application Services team, DCT leveraged team, in conjunction with the DXC CalWIN Run team, DXC Leveraged Services Oversight team, ITO Services, ITO Engineers, ITO Data Migration teams.

Through our CalWIN Operational Excellence program and DXC Leveraged Services, we successfully migrated the CalWIN Data Center, consisting of over 400 hardware and network assets, multiple applications and over 750 terabytes of data, from California to Oklahoma, with minimal impact to our customers business.

The migration strategy took into account our customers need to continue their business without unplanned interruptions. This resulted in the teams developing migration by "wave" approach. Where each wave focused on a specific set of environments and related applications, starting with development and system test and finishing with production environments. By using a wave approach, the team was able to exercise the migration process, capture and apply lessons learned to future waves, and meet our customers Service Level Agreements for availability.

Each wave was clearly documented to include an analysis of the architecture to a detailed playbook with step-by-step instructions, activities and responsible parties for the migration weekend. The teams participated in migration planning and walk-through sessions. Issues and risks were captured and escalated for resolution during planning sessions. Team members actively participated in migration weekend conference calls and checkpoints.

In addition to internal activities, the teams openly communicated with our customers, through regular status updates on time-lines and playbook and testing plans walk-throughs. DXC teams prepared full test plans for each application and tool being migrated. In addition to internal testing, DXC project teams scheduled test strategy meetings with our customers and stakeholders. The customers and stakeholders performed final validation testing during the migration weekend.

To further support migration, the DXC project team hosted a Rapid Response center during migration weekend to report out on status to our customer and provide a central point for immediate communication during county validation testing. The rapid response center was opened post migration and fully staffed to provide our customer with a direct line of communication for questions or to report issues.

The DCT project was completed through M&O.

Prospective Contractor Involvement (Role and Scope):

DXC provides a wide range of CalWIN services from full lifecycle application development and maintenance to hosting all environments from system development to user acceptance to production. DXC provides a level-two CalWIN Help Desk for all 18 CalWIN Counties, as well as providing Business Continuity and Disaster Recovery services covering the entire CalWIN IT enterprise, and office facilities.

Project Benefits:

DXC fully supports CalWIN through all aspects of development, maintenance and operations, thus providing the Counties with the ability to focus on their business mission to serve California communities.

PROSPECTIVE CONTRACTOR A KEY PERSONNEL ASSIGNED TO PROJECT	
Name: Kien Thi	Role: Operations Lead
Name: Rhonda Datko	Role: Operations Project Manager
Name: Shay Dalling	Role: Infrastructure Technical Lead
Name: DXC Leveraged Teams	Role: • Leveraged Services Oversight Team • ITO Services • ITO Engineers

PROJECT MEASUREMENTS	
Operating Budget of Organization: $ 400 million over 5 years	# of Employees and External Users: • DXC CalWIN Employees 240 • External CalWIN Users - CalWIN supports 18 Counties with approximately 16,000 users across 485 sites

Estimated Start & Completion Dates	From: September 2016 For DCT Project	To: September 2017 For DCT Project
Actual Start & Completion Dates	From: September 2016 For DCT Project	To: April 2018 For DCT Project

Reason(s) for Difference Between Estimated and Actual Dates:

The DCT project was extended based on collaboration with our customer to take into consideration ongoing activities at the several CalWIN Counties that could not be impacted, such as supporting various County initiatives and schedules, coordination around delivery of CalWIN enhancement releases, ACA Open Enrollment periods, and customer availability.

How were the planning and execution agreements contracted (separate or one)?

The CalWIN current contract 02/01/2018 to 01/31/2020 with an option for two extensions through 2025. The contract includes Maintenance and Operations (M&O) as well as enhancements to CalWIN systems. DXC provides full infrastructure operations and support through M&O services.
If the Prospective Contractor performed the work as a subcontractor, the Prospective Contractor should describe the scope of subcontracted activities: Not Applicable

Table 1B: Projects Completed in the Last Seven Years

PROSPECTIVE CONTRACTOR INFORMATION	
Prospective Contractor Name: DXC Technology Services LLC	Prospective Contractor Contact Name: John Herzog
Project Dates: 3/1/2016 – 10/31/2018	Prospective Contractor Contact Phone: +1 501-258-0045
U.S. PUBLIC SECTOR'S CUSTOMER INFORMATION	
Public Sector: YES ☒ NO □	
Customer Name: Centers for Medicaid and Medicare Services (CMS) www.cms.gov	
Customer Contact Name: Hally Woolsey / Darren Leach	
Customer Phone: +1 501-258-0045	
Customer Email: hally.woolsey@uspsector.com / darren.leach@uspsector.com	
Customer Address: 7500 Security Boulevard, Baltimore, MD 21244	
PROJECT INFORMATION	
Total Prospective Contractor Staff Engaged: Not applicable. This project was executed as Internal project in conjunction with CMS.	
Project Objectives: Migrate CMS environment from Littleton, MA to Colorado Springs, CO.	
Project Description including Level of Transformation: • Environment consisted of 118 racks and 1405 devices. This included 402 network devices. The migration included a 100% network transformation build out at the target Data Center.	
Prospective Contractor Involvement (Role and Scope): • Responsible for the discovery, planning/ design, execution, and target site decommissioning. This included build of new network and equipment at the target site as well as engagement with the account/ customer to complete acceptance testing once migration was complete.	
Project Benefits: Allowed customer access to NextGen Data Center and services. Provided operational cost savings.	
PROSPECTIVE CONTRACTOR A KEY PERSONNEL ASSIGNED TO PROJECT	
Name: Corey Kos	Role: Solution Architect
PROJECT MEASUREMENTS	
Operating Budget of Organization: Not applicable. This project was executed as Internal project in conjunction with CMS	# of Employees and External Users: Not applicable. This project was executed as Internal project in conjunction with CMS

Estimated Start & Completion Dates	From: October 2015	To: October 2017
Actual Start & Completion Dates	From: March 1, 2016	To: October 31, 2018
Reason(s) for Difference Between Estimated and Actual Dates: Internal decision to delay the start of overall Data Center closure		
How were the planning and execution agreements contracted (separate or one)? The process followed had two primary gates to gain acceptance for the high-level plan and the acceptance for the final plan which included target execution windows		
If the Prospective Contractor performed the work as a subcontractor, the Prospective Contractor should describe the scope of subcontracted activities: Not Applicable		

Table 1C: Projects Completed in the Last Seven Years

PROSPECTIVE CONTRACTOR INFORMATION	
Prospective Contractor Name: DXC Technology Services LLC	Prospective Contractor Contact Name: John Herzog
Project Dates: February 2016-March 2017	Prospective Contractor Contact Phone: +1 501-258-0045
U.S. PUBLIC SECTOR'S CUSTOMER INFORMATION	
Public Sector: YES ☒ NO □	
Customer Name:	CMIPS - http://www.cmips.osi.ca.gov/
Customer Contact Name:	Ramesh Ragu
Customer Phone: :	+1 501-258-0045
Customer Email:	ramesh.ragu@dxc.com
Customer Address:	2525 Natomas Park Drive, Suite 200, Sacramento, CA 95833
PROJECT INFORMATION	
Total Prospective Contractor Staff Engaged: 6	
Project Objectives: Migrate the CMIPS midrange and mainframe infrastructure from Sacramento to the Mid-Atlantic Data Center.	
Project Description including Level of Transformation: • Migrating customer dedicated network, storage, and midrange in conjunction with leveraged mainframe usage from the Sacramento Data Center to the Mid-Atlantic Data Center. This required a network transformation to incorporate into the MDC Data Center network environment.	
Prospective Contractor Involvement (Role and Scope): Responsible for the discovery, planning/ design, execution, and target site decommissioning. This included build of new network and equipment at the target site as well as engagement with the account/ customer to complete acceptance testing once migration was complete	

Project Benefits: Allowed customer access to NextGen Data Center and services and provided operational cost savings.			
PROSPECTIVE CONTRACTOR A KEY PERSONNEL ASSIGNED TO PROJECT			
Name: Corey Kos		Role: Solution Architect	
PROJECT MEASUREMENTS			
Operating Budget of Organization: Not applicable. This project was executed as an Internal project in conjunction with CMIPS		# of Employees and External Users: 12	
Estimated Start & Completion Dates	From: January 2016	To: December 2017	
Actual Start & Completion Dates	From: February 2016	To: March 2017	
Reason(s) for Difference Between Estimated and Actual Dates: Schedule had to be adjusted to align with other customer driven projects which delayed the actual start.			
How were the planning and execution agreements contracted (separate or one)? The process followed had two primary gates to gain acceptance for the high-level plan and the acceptance for the final plan which included target execution windows.			
If the Prospective Contractor performed the work as a subcontractor, the Prospective Contractor should describe the scope of subcontracted activities: Not Applicable			

2.5 Prospective Contractor Quality Certifications

Instructions: List in the Table below any quality certifications that are relevant to the proposed services.

Table 2: Quality Certifications

Prospective Contractor Quality Certifications			
Item #	**Certification**	**Certification Date (MM/DD/YY)**	**Comments – Include certifications appropriate for the proposed services**
1.	ISO 9001	06/01/2018	We have provided the certificate as part of the T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment
2.	ISO/IEC 27001	06/13/2018	We have provided the certificate as part of the T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment
3.	OHSAS 18001	06/23/2018	We have provided the certificate as part of the T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment
4.	ISO 14001	06/26/2018	We have provided the certificate as part of the T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment

5.	ISO/IEC 20000	06/13/2018	We have provided the certificate as part of the T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment

Created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, DXC boasts a proud history of innovation, service and value.

Historically both companies have had a long-standing commitment to standards, models and frameworks that began over three decades ago with our first Certification in ISO 9001(Quality Management).

Since then certification programs have continued to expand and we have built an integrated management system, that supports multiple standards, models and frameworks like ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 20000 (Service Management), ISO 22301 (Business Continuity Management), ISO 27001 (Information Security Management), CSA STAR (Cloud Certification), OHSAS 18001 (Health and Safety Management), ISO 50001 (Energy Management), SA 8000 (Social Accountability), TL 9001 (Quality Management in Telecom), ISO 13485 (Quality Management in Medical), BS 10012 (Personal Information Management), COBIT5, CMMI-DEV, and CMMI-SVC.

DXC has more than 600 sites in 70 countries around the world, which have one or more of these certifications. Our certifications apply to a broad and diverse range of industries including Automotive, Financial Services, Insurance, Life Sciences, Retail, Healthcare, Utilities, Manufacturing, Mining, Public Sector, Technology, Digital, Transportation, Engineering, Media and Communications.

3.0 Assumptions

3.1 Assumptions

Instructions: Document the assumptions related to this Response Template in the following Table. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to the rejection of proposal.

Table 3: Assumptions

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
1.	None	None	None
2.	None	None	None
3.	None	None	None

Template T- 3

Project Organization and Staffing, and Staff Experience

Response Template

RFP #: SP-19-0025

Proposal Formatting and T-3 Contents

ADFA and DIS strongly prefer that Prospective Contractor's proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor's proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

Template Section	Response No.	Response Template Section
1.0 Contractor Project Staffing	1.1	Key Personnel
	1.2	Subcontractor Key Personnel (if applicable)
2.0 Prospective Contractor Project Organization and Staffing Plan	2.1	Project Organization and Staffing Plan
	2.2	Staff Management
	2.3	Training Policies and Procedures
	2.4	Staff Retention
	2.5	Work Location(s)
	2.6	Resumes
	2.7	Collaboration
	2.8	Governance
3.0 Assumptions	3.1	Assumptions

List of Tables

Table 1: Prospective Contractor Key Personnel
Table 2: Prospective Subcontractor Key Personnel (if applicable)
Table 3: Assumptions

Project Organization and Staffing and Staff Experience

1.0 Contractor Project Staffing

1.1 Key Personnel

Prospective Contractor should identify Key Personnel for the Project, including:

- Name
- Position in Prospective Contractor organization
- Proposed role on Project
- Focus of work effort
- % of time dedicated to the Project
- Experience in the proposed role
- Qualifications for the proposed role
- Role in the last three (3) projects

Instructions: Complete the following Table 1 detailing the Key Personnel identified for this Project. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 1: Prospective Contractor Key Personnel

NAME	POSITION IN ORGANIZATIO N	PROPOSED ROLE ON PROJECT	FOCUS OF WORK EFFORT	% OF TIME PROPOSED ON PROJECT	EXPERIENCE IN PROPOSED ROLE (Years)	QUALIFICATIONS FOR PROPOSED ROLE	ROLE IN LAST 3 PROJECTS
Project Manager	Senior Project Manager	Project Manager	Migration	100%	16 Years	Senior program/ project management experience (PMP certified since 2004). Responsible for completing projects on time, within budget and within scope for enterprise scale, multi-regional, and cross functional engagements	Senior Project Manager
Transformation Manager	Program Manager	Transformation Manager	Migration	100%	20 Years	PMP certified since 2004 and currently acting as an effective liaison between multiple Business Groups, IT Developers and IT Support Teams to provide high quality technical solutions	Project Manager
Mary Fellows	Technology Consultant	Migration Lead	Migration		15 Years	Senior professional with over 15 years of business, IT, sales and consulting delivery experience across several industry verticals.	Migration Engagement Lead
Eric Zimmerman	Technology Consultant	Solution Architect	Migration	100%	30 Years	His vast experience includes migration architect, Migration Chief engineer, Automation analyst and DC Consolidation architect across last 30 years	Migration Architect and Data Discovery Specialist
Kaushik Kotra	Service Delivery Manager	Testing and Quality Assurance Lead	Migration Testing	100%	13 years	Extensive experience in application and migration testing responsibilities	Testing Delivery Manager

1.2 Subcontractor Key Personnel (if applicable)

The Prospective Contractor should identify the Prospective Subcontractor Key Personnel for the Engagement including:

- Name
- Position in Prospective Subcontractor organization
- Proposed role on Engagement
- Focus of work effort
- % of time for that work effort
- Experience in the proposed role
- Qualifications for the proposed role
- Role in the last three (3) projects

This section should also detail the past work each listed person has had with the Prospective Contractor or their staff.

Instructions: Complete the following Table 2 detailing the Prospective Subcontractor Key Personnel identified for this Project. This Table should be replicated for each Prospective Subcontractor used. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 2: Prospective Subcontractor Key Personnel

NAME	POSITION IN ORGANIZATION	PROPOSED ROLE ON PROJECT	FOCUS OF WORK EFFORT	% OF TIME PROPOSED ON PROJECT	EXPERIENCE IN PROPOSED ROLE (Years)	QUALIFICATIONS FOR PROPOSED ROLE	ROLE IN LAST 3 PROJECTS
Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

2.0 Prospective Contractor Project Organization and Staffing Plan

2.1 Project Organization and Staffing Plan

The Prospective Contractor should describe the integrated Project Organization and Staffing Plan required to execute the proposed approach and create the deliverables required for the Project. This section should include details of the Prospective Contractor’s team, proposed use of Prospective Subcontractors, and the Prospective Contractor's expectations of DIS resources. This section should include a visual representation of the Prospective Contractor Project team including the reporting structure. The Prospective Contractor should also describe any additional staffing of business and technical resources the Prospective Contractor feels DIS should provide to support the delivery of the services and creation of all deliverables. The Plan should include the number of resources (both business and technical), anticipated role and responsibilities, level of participation and necessary capabilities/skills for both DIS and Prospective Contractor resources. The Staffing Plan should highlight the staff performing the roles required to deliver the scope of services outlined in the RFP.

Key Project Personnel identified are considered to be the core Prospective Contractor resources and are therefore expected to be the major participants in all procurement activities (e.g. oral presentations) and services delivery activities. If the Prospective Contractor is selected, its Key Project Personnel **shall not** be replaced without prior DIS approval during the life cycle of the Project.

DIS has the right to require Prospective Contractor replacement of Key Personnel or any person in the Prospective Contractor's team (including Prospective Subcontractors) for any reason not limited to inadequate skills, team work, and responsive attitude etc. barring EEO guidelines.

Instructions: Provide a Staffing Plan and associated organization chart detailing the number of personnel, level, roles and responsibilities, and team reporting relationships, and identify the approach to providing “shoulder-to-shoulder” links for key staff roles between Prospective Contractor staff and DIS staff. Show proposed Prospective Contractor personnel hours by phase, by personnel level, and by role for the entire Project. Identify all Key Project Personnel for the Prospective Contractor, personnel for DIS and their proposed roles.

The following Project Organization has been envisaged for the successful delivery of this project.

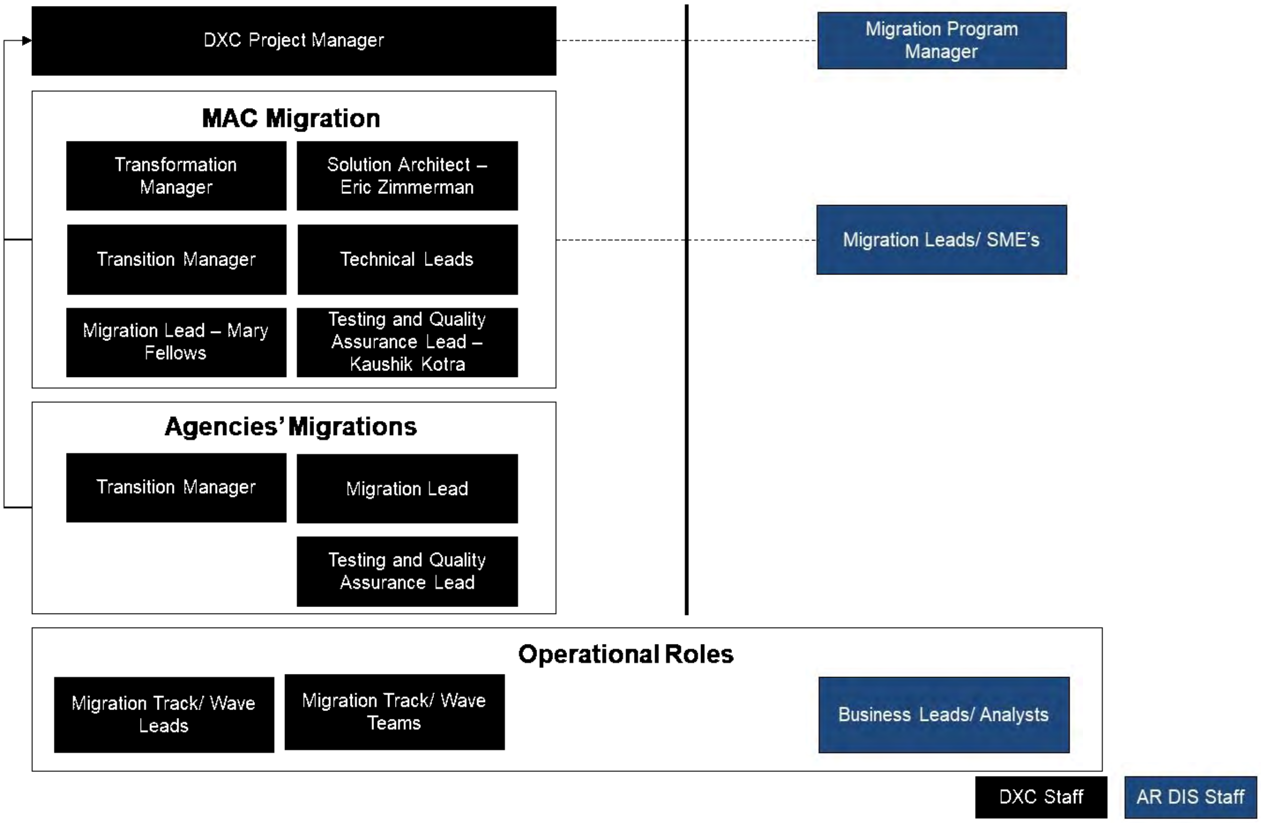

DXC Project Manager
Migration Program Manager
MAC Migration
Transformation Manager
Solution Architect – Eric Zimmerman
Transition Manager
Technical Leads
Migration Leads/ SME's
Migration Lead – Mary Fellows
Testing and Quality Assurance Lead – Kaushik Kotra
Agencies' Migrations
Transition Manager
Migration Lead
Testing and Quality Assurance Lead
Operational Roles
Migration Track/ Wave Leads
Migration Track/ Wave Teams
Business Leads/ Analysts
DXC Staff
AR DIS Staff

Figure 1 Project Organization Chart

DXC's Global Transition and Migration Management team is a key element of DXC's Governance framework and is responsible for implementing and managing the transition activities, deliverables, schedules, and risks across all projects. Quality checks will be performed by the Transition and Transformation Management team throughout the duration of the program to make sure that all activities are being conducted in accordance with established practices.

Major functions of the Global Transition and Transformation Management team include:

- Transition and Migration Program and Project Management – including all of the activities pertaining to T and T planning, management and control
- Transition and Migration Communications and Reporting – planned activities that make two-way, open communications related to this program, project status and performance
- Transition and Migration Issue Management – a formalized mechanism for escalation of issues through the Management team and into the DIS/DXC Governance structure for visibility or assistance in resolving the same.

DXC will assign dedicated Transition Manager who will be the primary interface to DIS for all global transition and migration related activities. Responsibilities will include:

- Drive and manage the Human Resources, Support, and Technical Services transition projects
- Staff the Transition and Transformation Management team
- Manage Transition and Transformation progress reporting

- Create issue management processes
- Manage cross-functional work stream activities
- Manage quality assurance for Transition and Transformation

To support the various Transition projects, DXC will assign project manager for the key projects to coordinate global and regional sub-teams and have the project completed on time, on budget and aligned with DXC and DIS's expectations.

DXC recommends that DIS assign a Manager to be the primary interface to DXC for all program activities and the responsibilities include:

- Facilitate and approve the transition and migration plans
- Provide DIS personnel to participate as part of the transition phase
- DXC is provided with information on DIS employees, benefits, contractors, vendors and services
- Advise DXC on successfully navigating DIS's culture and relationships
- Facilitate the resolution of key issues requiring DIS's intervention
- Coordinate with DIS's Management and Operating organization (Global and Individual Contract Level)
- Coordinate DIS's business functions in quality, communications, change management and operations

The table below provides details on the key DXC roles and their responsibilities in the project:

Table A: Key DXC Roles and Responsibilities

Role	Delivery Model	Responsibilities
Project Manager	Onshore	• Act as primary Relationship Manager between DIS and DXC making sure the project management and overall operations is aligned to DIS's requirements • Manage and coordinate delivery of all contractually committed services and the service level adherence • Manages the team (direct and indirect) responsible for delivery of services to DIS, including (when appropriate) recruiting, hiring, and developing the necessary skills • Provides leadership in managing delivery teams, aligning them to the project's business and solution objectives, facilitating good understanding of the environment and its IT architecture • Responsible for identification, resolution and escalation of project plan deviations • Direct and assist DIS Project Lead in decisions that directly impact the Contract. • Responsible for managing the performance of DXC resources • Make sure high engagement satisfaction through the efficient and effective delivery of contracted services

Role	Delivery Model	Responsibilities
Transition Manager	Onshore	• Performs overall day-to-day management of the project to align to project objectives • Responsible for the overall quality of ongoing knowledge transfer during project execution • Accountable for delivering all services aligned with the agreed project scope, schedule, quality and budget • Reports project progress periodically to the DIS Steering Group • Responsible for making sure all defined project milestones are met and delivered with high quality • Responsible for successfully transitioning and hand-over to DIS Service Delivery Team on completion of services defined in the agreement
Migration Lead	Onshore	• Analysis and design of target architecture for migration • Work with the solution architect to define and finalize the technology stack and tools required for the migration • Provide directions on necessary treatments for each application (architectural rules and principles) • Monitors the quality of technical deliverables • Align the entire migration activity with DIS overall Data Center architecture guidelines and standards.
Solution Architect	Onshore	• Responsible for aligning the technical design and implementation with DIS established guidelines and standards • Align technical architecture with DIS's operations and technical strategies • Provide shared services solution and underlying interfaces design and engineering • Provide recommendations for improving the efficiency and quality of the solution • Identify any issues from solution design perspective and provide remediation recommendations
Testing and Quality Assurance Lead	Onshore	• Responsible for quality assurance of the entire migration activity • Responsible for overall quality of deliverables including but not limited to: – Requirement specifications and technical design documents – Test plans and test cases – Test reports • Estimate, prioritize, plan and coordinate testing activities including but not limited to: – Application Security Testing

Role	Delivery Model	Responsibilities
		– Performance Testing – Compatibility Testing – Functional Testing • Liaise with teams to identify system requirements and track quality assurance metrics

This team for DIS will be augmented by a best in class delivery process and deliverables from DXC.

2.2 Staff Management

Instructions: Provide descriptions of the Prospective Contractor's Staff Management approach. The Prospective Contractor should describe internal standards, policies and procedures regarding hiring, professional development and human resource management, including processes for ensuring that the Project will not be affected by fluctuations in Prospective Contractor staffing and other assignments. The response should also include a discussion of the Prospective Contractor's management of Prospective Subcontractor staffing.

DXC enterprise migration process enables our global delivery locations to proactively plan workforce utilization, providing the right range of skills, languages, and certifications to meet demands across industries and regions. The skilled global delivery workforce supports a wide range of domain, technologies, and applications.

DXC is actively hiring, targeting new talents that have the required skillsets to support the requirements of the projects. Local recruiting teams who know the local workforce, are capable of aggressively hiring against the demand for the right resources in the right locations. We meet growing demand for resources by:

- Hiring regularly to fill new requirements and to back-fill attrition
- Maintaining lists of screened candidates to shorten hiring time
- Meeting urgent capacity and capability requirements by partnering with other service providers
- Actively using professional social networks as an important recruitment channel

Additionally, we will leverage the Digital Transformation Center in New Orleans, Louisiana, to provide support to the state through on-shore, Industry-specific, multi-skilled experts, and additional staff as needed throughout the project. We also work with universities in key delivery locations, like New Orleans, to improve the quality of the workforce through:

- **Academic Collaboration**: stay involved in curriculum development, provide training on emerging technologies, and invest in university labs
- **Talent Development and Acquisition**: provide internships, recruit and train students on campus, and provide technology and domain-specific training
- **Education for Employees**: partner with universities to allow employees to continue higher education and acquire MS, MBA, and PhD degrees while working

Depending on the individual requirement, DXC uses a set of testing methods to determine additional soft skill capabilities, language knowledge verification, and technical knowledge. These may be through an open interview and/or computer tests.

Once hired, employees acclimate to DXC corporate standards and processes through an extensive onboarding program. They receive access to comprehensive training through client universities and more than 8,700 online courses. Buddy programs provide coaching and mentoring to the newly hired employees. These programs enable them to become productive quickly.

Retaining motivated employees is key to effective management. Our goal is to keep employees engaged in their work, satisfied with their work environment, and focused on personal development, to avoid the cost and productivity losses associated with unwanted attrition. We focus on employee engagement - connecting with our service delivery employees, supervisors, managers, and support staff, both personally and professionally - to increase commitment to the client and to DXC.

Beginning with the interview cycle, we lay the groundwork by helping candidates envision themselves as DXC employees. Once hired, employees begin by becoming acclimated to DXC and gaining a clear understanding of job and performance expectations.

We have developed retention initiatives that support our employees in a variety of ways to keep them engaged in their roles and allow them to grow within the company. These approaches are outlined in the table below.

Table B: Retention and Growth Initiatives

Retention and Growth Initiatives	
Delivery Model	Process to match work schedules to staffing requirements, allowing employees some control over their schedules, Work from home, and traditional facility models
Absence Management	A positive attendance program, based on employee actions; scheduling flexibility and individual accountability, which combine to increase employee morale and decrease unplanned absenteeism
Training	Curricula and programs to orient new hires, improve job performance, increase leadership skills, and enhance personal development
Career Development	Coaching and curricula for employees to help identify their career paths; motivates employees to improve their skills, continue their education, and cross-train
Performance Evaluation	Process to measure employee performance based on defined performance metrics; provides feedback and coaching for performance improvement
Recognition and Appreciation	Programs that recognize and highlight employee achievements, including recognition budgets at the front line supervisor level
Diversity Programs	Programs that recognize and value the diversity of our people
Total Rewards	Compensation strategy that allows leaders to reward employees based on performance; includes incentive programs and benefit packages such as health and dental insurance, discounts on goods and services, wellness programs, and opportunities for community involvement;

Retention and Growth Initiatives	
Employee Satisfaction	Process to measure employee engagement and satisfaction and to develop action plans to improve targeted areas; includes Voice of the Employee survey, social committees, and communication plans

Internally at DXC, we have an integrated Workforce Management Team (iWFM), which maintains a repository of all skills and talent availability across our organization, tracks utilization, monitors resource roll-off dates and redeploys the skills based on the needs of the client. We have an employee bench, where staff is regularly engaged with trainings, experiential, social learning and educational opportunities. This enables us to keep DXC’s workforce capabilities aligned with Next-Gen skills and certifications required by the business and in the same time make use of our global pool to identify and assign resources based on client needs.

DXC’s Total Compensation Plan and philosophy demonstrates our commitment to compensate our employees to successfully perform contract requirements. Our compensation practices fully comply with the letter and intent of Federal Acquisition Regulations (FAR) 52.222-46, the Fair Labor Standards Act, the Services Contract Act, and all other applicable Federal law.

When we evaluate rewards, we take into consideration performance and contribution. In addition, we are focused on monitoring employee performance and making sure that it is up to the high standards agreed by the client through customized Goals and Objectives for employees. DXC will draft the goals and objectives of employees in line with the expectation from State of Arkansas. The aim will be to rate “customer Satisfaction” as one of the important criteria in the yearly evaluation for employees.

The Workforce Management (iWFM) at DXC works towards defining Skill taxonomy, career path and knowledge processes, which will drive re-skill, up-skill and cross skill programs, internal development and optimum demand fulfilment. This team will make sure that we have a ready pool of well qualified employees who can immediately be taken for backfill as and when required during the requested lead time.

iWFM integrates different functions like workforce management and optimization, analytics, digital workforce etc. into one centralized team to achieve DXC's overall aims. Our ability to assign skillful resources at the right time for State of Arkansas is also supported by DXC’s:

- Demand management and fulfilment including global talent acquisition
- Workforce optimization including global mobility
- Time Tracking and Billability Management
- Workforce Planning to improve employee net promoter score (eNPS) and skills
- Integrated end-to-end workforce management reporting, analytics, business intelligence, process and change management
- Digital technologies to enable workforce management including robotics, AI and machine learning.
- Defining skill taxonomy, career path and knowledge processes which will drive re-skill, up-skill and cross skill programs, internal development, optimum demand fulfilment and greater employee engagement.

We use Global Resource Management (GRM) tools such as LDSM (Labor Demand Supply Management), which provides DXC with visibility into the skills, accreditation, experience, physical location and availability of all resources. Through LDSM’s powerful search and analytics engine, sourcing managers can assess DXC's entire talent pool to identify ideal resources that will meet the specific needs of the State of Arkansas. We have a portal for demand management and before using this, we expect Project Managers to use this site to understand their role in detail and all the related sub-processes in terms of Labor Demand and Supply Management and we have mandatory training for them. The trainings describe the process for capturing and managing Sold External Customer demand as well as Internal and Overhead demand in the tool of record. It also covers the relationship of the Demand Capture and Management process to other LDSM processes, reporting and, dashboards. This will help us deliver an efficient fulfilment process and avoid unnecessary delays.

Whenever DXC subcontracts services to a third party, DXC makes sure there is a flow down of contract terms to subcontractors and all the services are performed with highest standards corresponding to the agreed contractual obligations between DXC and the client. Contractors are directly responsible for managing their own employees. In addition, one of the key components for DXC when a partnership agreement with subcontractor is signed is to make sure that subcontractor personnel policies are oriented around targeting new talents that have the required skillsets and motivation to support this new digital era. DXC has a very successful record for meeting its contractual commitments to our clients and this is key for our commitment to the State of Arkansas.

2.3 Training Policies and Procedures

Instructions: Describe Prospective Contractor's approach for training and education of its personnel, both initially and ongoing. Address how your organization keeps employees skills are current, relevant and applicable to emerging environments such as cloud, converged infrastructure.

At DXC, we encourage all employees to seek experiential, social learning, and educational opportunities to keep their capabilities aligned with Next-Gen skills and certifications required by the business through content that is consumable, accessible, and applicable. DXC Learning and Development supports this effort by providing strategic programs and resources that align with our business objectives and support positive business outcomes. Fostering an environment of continuous learning is critical to business success for our agreement with the State of Arkansas.

Furthermore, employees engage in an ongoing dialogue with their managers to make sure their development plans align with the business's current and future priorities and capability requirements. This approach supports our "Right people, Right skills, Right time strategy," which promotes our ability to respond to client demand, achieve business success, leverage and encourage talent growth, and achieve customer satisfaction.

DXC offers classroom and web-based corporate training for all employees on a broad range of technical and soft skills. Additionally, DXC develops client-specific Client University training for each account team member to introduce employees to the client's culture and business processes. Process and functional training is documented and may occur on the job or in job shadowing, as well as through formal training classes. DXC also has comprehensive onboarding training.

To enhance service delivery excellence, DXC fosters an environment of continuous learning among employees. Employees need technical, functional, and leadership competencies to be successful in a job and over the course of a career. Therefore, we have established development frameworks that combine formal and informal training and certification with on-the-job experiences and relationships to develop proficiency in these competencies.

DXC's Skills Management is comprised of our Skills Taxonomy, Employee Profiling, Our Workforce Management Environment and Impact Tracking. Combined, they enable us to manage our workforce to meet the demands of the business while at the same time providing employees with a culture for learning, growth and opportunity.

- **A Robust Skills Taxonomy:** aligned with Market, Selling and Solutioning, includes emerging Technologies and skills aligned to key delivery roles, learning Assets Mapped against Skills / Roles, Location Strategy Alignment and is managed by a strong Business and Technical Governance Community. The results of this taxonomy in DXC is a complete and accurate employee skilling profiles which can be the foundation of a fully, integrated workforce management environment.
- **Effective utilization of Employee Skill Profiling:** enabling employees and leaders to recognize and embrace the value of skill profiling for personal and professional growth and its business value. They experience innovative profile capture Techniques (i.e. Gamification, Mobile Apps, Machine Learning, etc.) and understand the use of the skill profile with Demand Capture / Assignment and Workforce Planning
- **A Fully Integrated Workforce Management Environment:** aligned to the Common Taxonomy (this includes Resourcing, Hiring, Procurement, Career Planning, etc.), Automated Operational Resourcing (i.e. Dynamic Talent Cloud), Proactive and Predictive Demand/ Supply Management, Robust Reporting, Metrics and Predictive Analytics, and On-Going Workforce Optimization
- **Impact Tracking:** Alignment/ Tracking/ Reporting against Corporate Metrics (i.e. Cost of Workforce, Employee Satisfaction, Customer Satisfaction, etc.) and Metrics Based Continuous Process Improvement (i.e. Time to Fill, Bench, etc.)

2.4 Staff Retention

Instructions: Describe Prospective Contractor's process and methodology for retaining Prospective Contractor personnel and ensuring that Key Personnel are consistently engaged on this Project. The Prospective Contractor should also discuss steps they have/will take to minimize staff turn-over to avoid costly re-training of Project resources.

One of DXC's four key strategic principles is to invest in creating and attracting a next generation workforce. We therefore put great importance into motivational elements with a high performance culture as well as professional and career development.

High Performance Culture

DXC´s culture emphasizes decision-making and personal responsibility, enforced by an environment that supports our community and where employees can build internal and external relationships, i.e. diversity and inclusion, sustainability, and volunteering. DXC rewards employees who focus on customers, drive innovation and support DXC's overall goals. Our pay-for-performance philosophy recognizes results and successes in the moment, over time, and throughout a career, e.g. with pay for results incentives.

Professional and Career Development

We support our talents to develop their capabilities and strengths. One of the main reasons why employees choose to work and stay with DXC, is the ability to expand skills and build a career with the help of the following:

- **Compensation**: An attractive, competitive compensation environment including bonus, short- and long-term incentives.

- **Employee Benefits:** contain a holistic physical, financial, and stress management perspective, including health benefits, retirement, disability/leave, time off.
- **Career Opportunities:** include talent academies, succession planning, retention rounds, specific programs for managers to build, lead and develop, and leadership development. Our technical career path is an alternative to the manager career path.
- **Training and Development**: Coaching, mentoring, internal career mobility, job enrichment, DXC University with on the job learning, professional development, and certifications.
- **Performance Management and communication**: Ongoing feedback and dialogue processes between employees and their, e.g. yearly Focal Point Review Process. Goals at individual, team, and organization level are established.
- **Work-life balance**: Flexible work and worktime, including: accrual time accounts, flexible working policies, etc.

DXC's principles and values are the foundation for dealing with attrition globally. We adopt the strategy for local needs and will react accordingly, to retain key staff.

1. We have a clear focus on key employees, know-how leaders and top talents. We are regularly sharing and discussing the top talents.
2. We build leaders who trust and respect employees to grow and reach their goals.
3. Leaders cooperate with HR and employees to understand reasons for a potential leave and to implement strategies for an effective and proactive retention.
4. To keep employees, we closely monitor the employee turnover situation and react on it depending on the specific location, work situation as well as individual needs.

We aim to mitigate the turnover risk by offering an attractive environment, including a competitive benefits package, where performance is rewarded, making sure that employees feel valued and are given opportunities to develop themselves and their careers based on their individual needs.

2.5 Work Location(s)

The Prospective Contractor Key Project Personnel associated with the Data Center Optimization Project **must** be available to perform relevant tasks during key phases of the project as scheduled by DIS during normal business hours. The Prospective Contractor Key Project Personnel will be allowed to work off-site during non-key phases of the project that do not require in-person meetings.

At no time **shall** the Prospective Contractor maintain, use, transmit, or cause to be transmitted information governed by privacy laws and regulations outside of the United States and its territories.

Instructions: Describe the off-site locations where the Prospective Contractor proposes performing work associated with this RFP during non-key phases of the project.

Specifically identify where the Key Project Personnel identified in the RFP will be physically located for the duration of the Contract.

For each of the deliverables identified in the RFP, provide the percentage of work to be done at DIS' provided facilities in Little Rock.

The primary location of the work will be Little Rock, AR as per the requirements of the RFP. The offsite centers will be Plano, TX and/or Tysons, VA.

The following table lists out the location where the Key Project Personnel will be physically present in the duration of the Contract.

Table C: Key personnel location

Key Personnel Role	Primary Location	Secondary Location
Project manager	Little Rock, AR	Plano, TX or Tysons, VA
Transformation Manager	Little Rock, AR	Plano, TX or Tysons, VA
Solution Architect	Little Rock, AR	Plano, TX or Tysons, VA
Migration Lead	Little Rock, AR	Plano, TX or Tysons, VA
Quality and Testing Assurance Lead	Little Rock, AR	Plano, TX or Tysons, VA

The following table provides the key deliverables identified and the percentage of work to be completed at the DIS' provided facilities in Little Rock.

Table D: Key deliverables to be completed at Little Rock, AR

Deliverable	Percentage of work to be completed at Little Rock, AR
Overall Project Plan	100%
Discovery report	50%
Infrastructure-Application Map	50%
Assessment report	80%
Migration Wave Plan	100%

2.6 Resumes

Instructions: Provide a professional resume for each proposed Key Personnel. Each resume should demonstrate experience germane to the position proposed. The resume should include work on projects cited under the Prospective Contractor's corporate experience, and the specific functions performed on such projects.

DXC has provide all the resumes in the T3_POSSE – 2.6 Resumes Attachment.

2.7 Collaboration

Instructions: Provide evidence that the Prospective Contractor's proposed team (including Prospective Subcontractor(s), if proposed) has a proven track record of successfully collaborating in a similar environment to the environment outlined in the RFP. This should include experiences working with a team to configure, implement, train and provide support. Describe how the Prospective Contractor (including Prospective Subcontractor(s)) will ensure that the proposed team will achieve the required team dynamics.

DXC brings a mix of technology and process expertise to this program. DXC has high capable and proven workforce in the areas of design and planning of Data Center migrations. Our solutions are:

- **Comprehensive and scalable:** DXC is a single partner accountable for every aspect of the client's hybrid IT journey which includes: Advisory, Migration, Transformation, and Management services covering infrastructure, applications, and operations.

- **Balanced knowledge of traditional and NextGen:** DXC understands the complex dependencies and constraints of the client's legacy environment as well as the possibilities of Cloud. Our experience in successful migrations to hybrid IT lets your IT team focus on their duties and IT strategies.
- **Better visibility to your options and tradeoffs:** DXC knowledge of both Cloud and traditional IT allows us to have a better understanding of the requirements and present viable options for consideration, providing greater confidence and clarity in client decisions.
- **Efficient migration delivery:** With over 60,000 annual workload migrations with 99.92% successful migration rate, our industrialized methodology quickly prioritizes application workloads and migrates them to a hybrid IT environment.
- **Experience managing enterprise hybrid environments:** DXC's experience with hundreds of enterprise clients, designing, building, and managing hybrid IT environments to enterprise standards.

Our key strengths are:

- Trusted partner with more than 15 years of experience migrating clients' workloads and offering a full range of migration strategies underpinned by robust methodologies and analytics aligned to business objectives
- Over 200 trained and certified expert advisors, consultants, engineers, and system administrators who are capable to analyze and plan business and technology aspects of servers and application workloads when migrating while ensuring delivery excellence
- Global, industry-specific expertise with robust capabilities and established vendor partnerships with Carbonite, Microsoft, AWS, VMware, etc.
- Operates worldwide migrating over 60,000 IT workloads per year with 99.92% successful migration rate and is one of the few service providers that can manage complex hybrid migrations delivering Infrastructure as a Service (IaaS) that integrates mainframe, midrange, private Cloud, and public cloud into an effective IT ecosystem

DXC will be establishing a strong collaboration network from the day one to enhance the capabilities and overall deliverables.

2.8 Governance

Instructions: Outline the governance structure you would recommend for maintaining an effective cadence to deliver a successful transformation and migration. Please outline the types of decisions for which each of the committees would be responsible, and the frequency at which these committees would operate. Take into consideration the requirements set forth in the RFP Section 3.5.

We propose a joint three tier transition governance to be set up with both DXC and DIS teams who will guide the transition to successful completion. The Transition Management Office (TMO) will be established before the start of transition, well within the 5 day time line required or as suggested by DIS.

- **Executive Steering Committee**: Comprises of Senior Management from both sides and responsible for providing the overall direction to the program. They will review the risks and issues on monthly basis and responsible for taking up go/ no-go decisions.

- **Transition Management Office**: Involves the Director- IT from DIS and Delivery head from DXC team. This team will review the weekly performance, risks/ issues and provide work-around and operational guidance.
- **Transition Teams**: They are responsible for daily reviews and corrective actions if the progress deviates from the plan. They are responsible for the metrics and daily issue tracker updates.

The TMO will be the primary governance forum during transition, and will have representation from DXC, DIS and existing suppliers. The TMO will track and monitor progress, and will serve as the forum to discuss and resolve transition issues and take decisions proactively. DXC will deliver transition status report on a weekly basis, and will consist of status, risks, issues, dependencies and other highlights.

The transition manager will follow best practice project processes are put in place across the transition program and are coordinated from a central point; to this end, the transition management office will be a central point for all of the program activities and processes and also be the driving force of the transition. Some of these activities are:

- Planning, tracking and reporting (including management of Gantt charts, progress reports, time reporting, new joiners and leavers process, and tracking contractual deliverables)
- Financial controls (spend against budget)
- Risk and issue management (logs, facilitate risk reviews, monitor mitigating actions, and manage contingency spend)
- Configuration management (documents, software, and change requests)
- Document and information management (easy search and retrieval of documents, comprehensive repository, knowledge base built up)
- Accommodation and IT (establish adequate Office and IT infrastructure for the program in conjunction with the Logistics stream lead)
- Quality Management of key deliverables
- Manage and control transition specification request process
- Manage and control transition change request process

Escalation Mechanism

Given multiple stakeholders interacting during transition and steady state, a well-defined escalation process will be set up during transition planning to handle issue resolution and risk mitigation. Our proposed model is described below.

Table E: Proposed Escalation Mechanism

For DIS		For DXC	
Issue Unresolved for	**Escalation To**	**Issue unresolved for**	**Escalated To**
> 3 day	DXC Track Leads	> 3 day	DIS Ops. Manager
> 5 day	DXC Program Manager	> 5 day	DIS Vendor Manager
> 7 days	DXC Relationship Manager	> 7 days	DIS Program Lead
> 10 days	DXC Executive Management	> 10 days	DIS Exec member

Performance Monitoring Process

Monitoring performance through hard metrics is a key element of DXC Governance Framework. DXC will monitor performance of all components of our service during various stages from transition to continued steady state.

While DXC is committed to implementing various measures and initiatives to provide more value to DIS in this engagement, it is equally important to regularly measure the progress of the value addition to the relationship and decide future actions.

Towards this, DXC proposes setting up of a relationship scorecard which will contain objective and measurable indicators of the health of the engagement across different dimensions and allow DIS to evaluate DXC across these dimensions.

Communication

Frequent communication between DXC and DIS will be critical for tracking performance regularly and for the overall success of this initiative. Suitable periodic status reports and meetings will be identified and put in place during the transition period which will help in keeping a tab on progress, issues, and concerns.

Typically, communication at a Track level will happen on a day-to-day basis with constant interactions. Communication at the TMO/ PMO (Project Management Office) level will happen fortnightly and the Executive level Steering Committee meetings will happen on a quarterly basis. DXC recommends the following governance communications plan to cover all aspects of service delivery in a timely manner:

Table F: Communication Plan

Report	Frequency	Responsibility
Progress Report	Weekly	Program manager
Change Log	Weekly	Transition Manager
Risk Log	Weekly	Transition Manager
Project Schedule	Weekly	Transition Manager

3.0 Assumptions

3.1 Assumptions

Instructions: Document all assumptions related to the response for Project Organization and Staffing and Staff Experience in the following Table 3. Add rows to the Table as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 3: Assumptions

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
1.	1.1, 2.6	Named profiles are to be provided only for key personnel.	As per requirement, DXC has provided only named profiles for the Key Personnel and unnamed profiles for Representative roles.
2.	1.1, 2.6	Key personnel will be allowed to be replaced with prior approval from DIS.	Time gap between submission and start of engagement is long and hence availability of resources needs to be assessed again.
3.	2.5	Work location is indicative at this point in time based on availability of resources.	Resources and work locations will be re-assessed after award of contract with prior approval from DIS
4.	2.3	There is no specific technology training expected at this moment.	Any specific training outside the normal list will need additional funds to be allocated.
5.	3.5.C-3	Employee turnover percentage requirement will be a subject of discussion during the next stage.	Taking into account region specifics this requirement should be reviewed again during the next stage.

Template T-4

Methodology to Requirements Approach

Response Template

RFP #: SP-19-0025

Proposal Formatting and T-4 Contents

ADFA and DIS strongly prefer that Prospective Contractor's proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor's proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

Template Section	Response No.	Response Template Section
1.0 Methodology	1.1	Planning an Migration
	1.2	Tools
	1.3	Quality
2.0 General Behavior Requirements	2.1	Overall Approach (Planning and Execution)
	2.2	Discovery and Information Gathering
	2.3	Transformation
	2.4	Readiness
	2.5	Information Risk
3.0 Service Level Requirements	3.1	Service Level Requirements
4.0 Assumptions	4.1	Assumptions

List of Tables

Table 1: Information Risk
Table 2: Assumptions

Methodology and Requirements Approach

1.0 Methodology

1.1 Planning and Migration

Instructions: Detail the planning and migration methodology you have used to:

(i) Migrate clients of similar size and complexity to the State of Arkansas DIS from their in-house data center(s) to a shared services environment in multiple data centers.
(ii) Deployment of a highly-virtualized and automated shared services environment with self-provisioning, cloud orchestration, metering and billing, high availability, Disaster Recovery (DR) and public cloud connectivity.

Also, describe the evolution of this methodology and how this methodology addresses challenges associated with data center migration.

(i) Migrate clients of similar size and complexity to the State of Arkansas DIS from their in-house Data Center(s) to a shared services environment in multiple Data Centers.

DXC has helped clients of similar size and complexity to the State of Arkansas DIS to migrate from their in-house Data Center(s) to a Shared Services environment in multiple Data Centers. DXC understands that DIS seeks to migrate the workloads hosted currently at the DIS MAC Data Center in Little Rock AR to the target Data Center as decided by DIS.

DXC has rich experience in migrating client workloads, across all industries, to different hosting solutions over the last 50 years. DXC has proven migration processes and tools that have adapted to the different hosting models as the technology has evolved and we have a robust migration factory to move the workloads from source to target locations with minimal (close to zero) service disruptions.

We follow a well-defined Delivery Operating model which necessitates close collaboration between all the stakeholders involved in the migration activities. The Figure 1 below shows a high-level interaction model of the various roles like the Migration Architect, Migration Engagement Lead, various Migration Consultants, and Migration Engineers, Wave Managers with DIS's business and IT users.

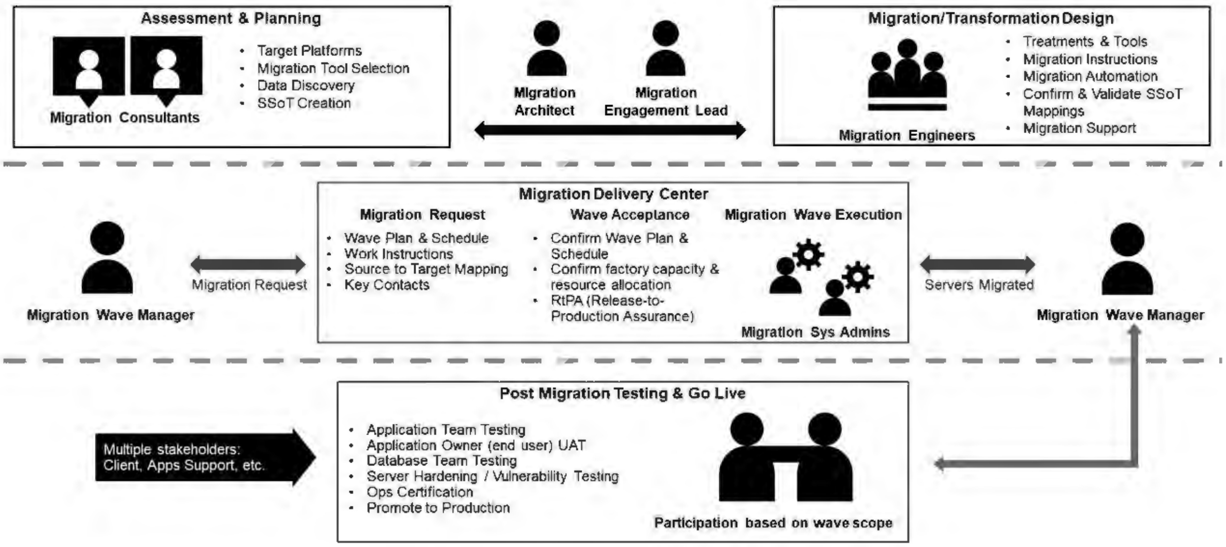

Assessment & Planning
Migration Consultants
Target Platforms
Migration Tool Selection
Data Discovery
SSoT Creation
Migration Architect
Migration Engagement Lead
Migration/Transformation Design
Migration Engineers
Treatments & Tools
Migration Instructions
Migration Automation
Confirm & Validate SSoT Mappings
Migration Support
Migration Wave Manager
Migration Request
Migration Delivery Center
Migration Request
Wave Plan & Schedule
Work Instructions
Source to Target Mapping
Key Contacts
Wave Acceptance
Confirm Wave Plan & Schedule
Confirm factory capacity & resource allocation
RtPA (Release-to-Production Assurance)
Migration Wave Execution
Migration Sys Admins
Servers Migrated
Migration Wave Manager
Multiple stakeholders: Client, Apps Support, etc.
Post Migration Testing & Go Live
Application Team Testing
Application Owner (end user) UAT
Database Team Testing
Server Hardening / Vulnerability Testing
Ops Certification
Promote to Production
Participation based on wave scope

Figure 1 Team Interaction model

Planning and Migration Methodology

As part of the Planning and Migration Methodology, DXC will use its Workload Assessment and Migration Engine (WAME) framework. This framework facilitates detailed assessment and understanding of the current environment, create and implement the migration, stabilization and optimization strategy that aligns IT to business goals. DXC will work with DIS and bring on-board proven strategies, processes, tools, and templates necessary to deliver a Data Center Migration roadmap that incorporates existing key tactical and strategic initiatives and current business practices.

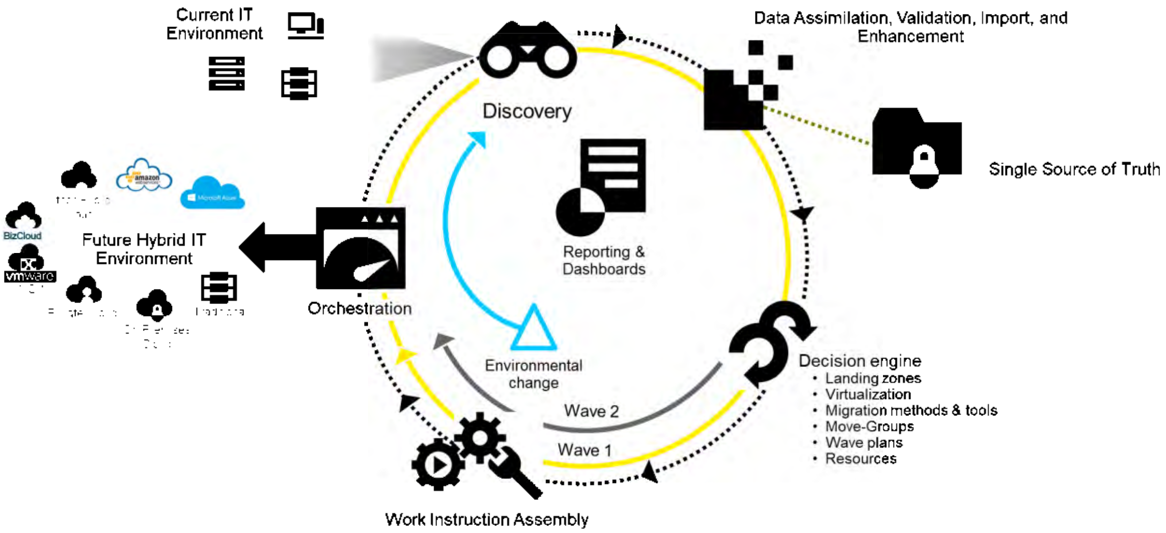

Current IT Environment
Data Assimilation, Validation, Import, and Enhancement
Discovery
Single Source of Truth
amazon
Microsoft Azure
BizCloud
vmware
Future Hybrid IT Environment
Reporting & Dashboards
Orchestration
Environmental change
Decision engine
• Landing zones
• Virtualization
• Migration methods & tools
• Move-Groups
• Wave plans
• Resources
Wave 2
Wave 1
Work Instruction Assembly

Figure 2 DXC WAME Framework

DXC's WAME framework consists of five primary phases. These are detailed in the Table A below:

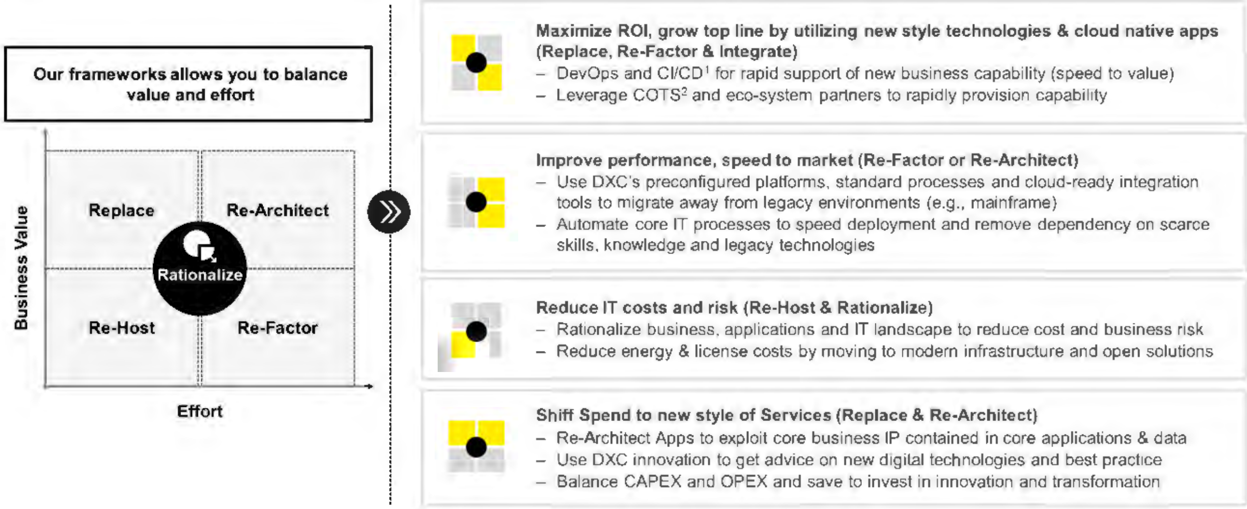
Table A: Planning and Migration Methodology using DXC WAME Framework

Phase	Activities	Deliverables
Discovery	• Creation of discovery templates and questionnaires • Identification of key owners and contributors • Verification of scope and deliverables • Discovery gap analysis • Discovery tools deployment • Data gathering	• Confirmed project scope and schedule • Interview schedules • Asset and application inventories • Application to server maps and device dependency maps
Assessment	• Capacity assessments • Business criteria analysis • Opportunity evaluation • Application and server physical recursion and real-time interfaces (application context) assessment • Initial reference and target architecture development	• High level solution architecture • Source to target placement models • Wave groupings

Phase	Activities	Deliverables
	• Source to target placement and migration strategies	
Planning and Design	• Develop transition strategies, processes and policies • Finalize architectures • Calculate timing and durations of wave groupings	• Reference architectures • Preliminary transition plan • Reference Bills of Materials (BOM) • Resource and cost estimates • Detailed architecture roadmap • Finalize future state plan which includes final source to target placement and executable migration project plans • Detailed resource and costing • Purchase ready BOM and procurement plans • Master Wave Plan
Construct	• Build out of the base infrastructure architectures and platforms • Proof of Concept testing and migration pilots • Firewall rule submission and load balance configurations	• Platform builds • IP assignments • Migration Runbook
Migration	• Data, server and application workload migrations • Transition to steady state	• Transitioned Architecture and Infrastructure

DXC understands that workload migrations involve both complexity and risk. We emphasize on investing adequate time for planning, execution, and testing in order to protect the business and maximize the chances of a successful migration. DXC Cloud and Workload Migration Services will allow DIS staff to stay focused on the IT strategy and offers a standard, repeatable methodology to plan and migrate servers, applications, and data based on your requirements.

We move your IT workloads using industry leading tools and best-practices deployment methods. These tools and best-practices provide minimal disruption to business operations while adhering to various security controls. DXC migration and transformation treatments deliver tangible business outcomes as described below.


Our frameworks allows you to balance value and effort
Business Value
Replace
Re-Architect
Rationalize
Re-Host
Re-Factor
Effort

Maximize ROI, grow top line by utilizing new style technologies & cloud native apps (Replace, Re-Factor & Integrate)
- DevOps and CI/CD[1] for rapid support of new business capability (speed to value)
- Leverage COTS[2] and eco-system partners to rapidly provision capability

Improve performance, speed to market (Re-Factor or Re-Architect)
- Use DXC's preconfigured platforms, standard processes and cloud-ready integration tools to migrate away from legacy environments (e.g., mainframe)
- Automate core IT processes to speed deployment and remove dependency on scarce skills, knowledge and legacy technologies

Reduce IT costs and risk (Re-Host & Rationalize)
- Rationalize business, applications and IT landscape to reduce cost and business risk
- Reduce energy & license costs by moving to modern infrastructure and open solutions

Shift Spend to new style of Services (Replace & Re-Architect)
- Re-Architect Apps to exploit core business IP contained in core applications & data
- Use DXC innovation to get advice on new digital technologies and best practice
- Balance CAPEX and OPEX and save to invest in innovation and transformation

Figure 3 Delivering Tangible Business Outcomes

At DXC, we follow a detailed and phased decision tree approach to decide on the kind of migration strategy suits the workloads as per the business requirements. This helps us to understand and plan the various dependencies and application interactions to be built in the target architecture. The Figure 4 below shows the typical decision tree for a migration of similar size and complexity of DIS.

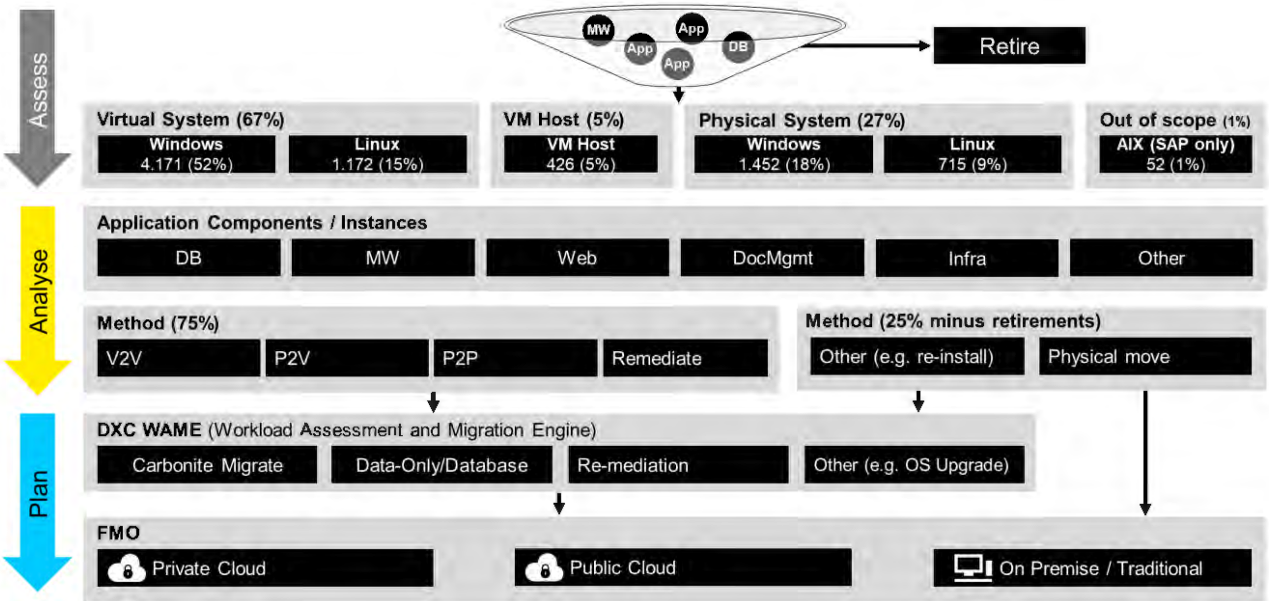

Assess
Analyse
Plan
MW
App
App
App
DB
Retire
Virtual System (67%)
Windows 4.171 (52%)
Linux 1.172 (15%)
VM Host (5%)
VM Host 426 (5%)
Physical System (27%)
Windows 1.452 (18%)
Linux 715 (9%)
Out of scope (1%)
AIX (SAP only) 52 (1%)
Application Components / Instances
DB
MW
Web
DocMgmt
Infra
Other
Method (75%)
V2V
P2V
P2P
Remediate
Method (25% minus retirements)
Other (e.g. re-install)
Physical move
DXC WAME (Workload Assessment and Migration Engine)
Carbonite Migrate
Data-Only/Database
Re-mediation
Other (e.g. OS Upgrade)
FMO
Private Cloud
Public Cloud
On Premise / Traditional

Figure 4 Typical decision tree for a migration of similar size and complexity

The decision tree approach results in a comprehensive view about the target architecture and landing environment. This helps the migration team to organize the migration assembly lines as per the current and future mode of operation. The Figure 5 below depicts the view of a typical process to create a sample assembly line for a similar migration approach.

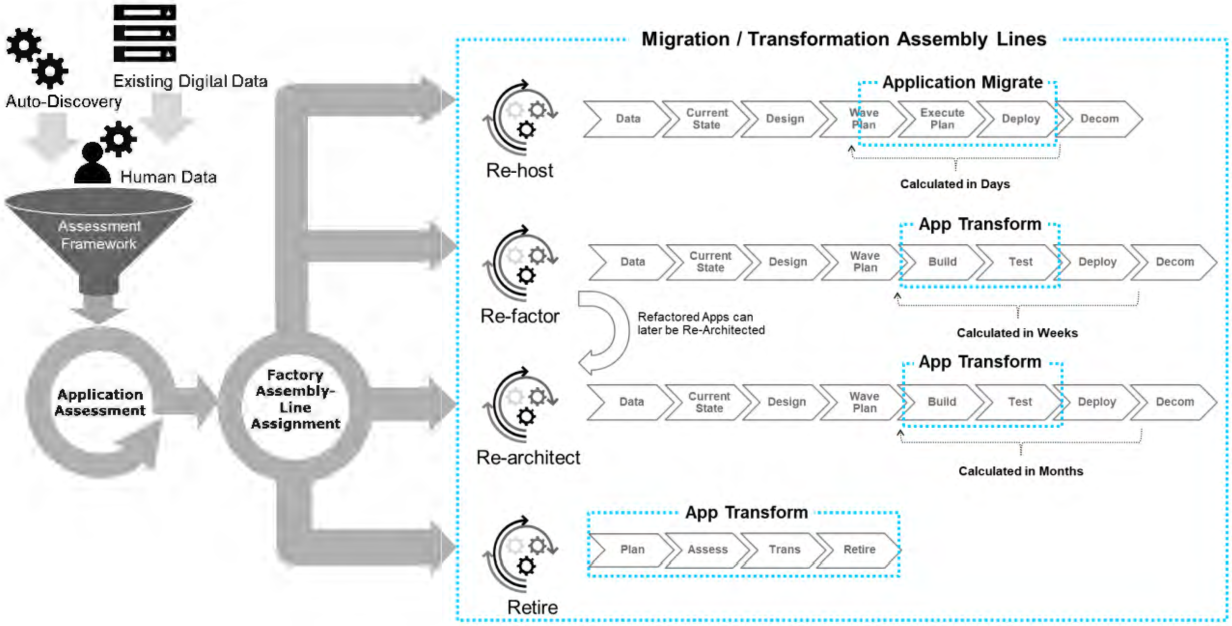

Auto-Discovery
Existing Digital Data
Human Data
Assessment Framework
Application Assessment
Factory Assembly-Line Assignment
Migration / Transformation Assembly Lines
Application Migrate
Re-host
Data
Current State
Design
Wave Plan
Execute Plan
Deploy
Decom
Calculated in Days
App Transform
Re-factor
Data
Current State
Design
Wave Plan
Build
Test
Deploy
Decom
Refactored Apps can later be Re-Architected
Calculated in Weeks
App Transform
Re-architect
Data
Current State
Design
Wave Plan
Build
Test
Deploy
Decom
Calculated in Months
App Transform
Retire
Plan
Assess
Trans
Retire

Figure 5 Typical process to create a sample assembly line

(ii) Deployment of a highly-virtualized and automated shared services environment with self-provisioning, cloud orchestration, metering and billing, high availability, Disaster Recovery (DR) and public cloud connectivity.

DXC has experience in building and managing highly virtualized and automated private cloud/ hybrid cloud environments. One of our key capabilities - DXC Managed Services for VMware - is built upon a DXC "design for operations" dedicated private cloud, that enables you to rapidly deploy physical or virtual servers, storage, backup, and network infrastructure "as services" via a secure, web-based private cloud customer portal for your IT consumers to access.

With this highly-virtualized environment, we can enable your internal IT customers to request, provision, and decommission compute, storage, network, and backup resources and associated IT services. IT capacity in predefined sizes can be rapidly provisioned or redeployed within the exclusive capacity of the private/ public cloud. As DIS's capacity requirements for compute, storage, network, or backup resources increase, it provides you the scalability to add new capacity. We can deploy and manage the initial private/ public cloud infrastructure build, as well as infrastructure expansion required to enable further scalability.

DXC Managed Services for VMware leverages the VMware's technology stack on top of infrastructure systems available from multiple DXC hardware vendor partners, such as Dell EMC, HPE, Hitachi, and Lenovo. DXC Managed Services for VMware system solutions are available in converged (CI) and hyper converged (HC) configuration options powered by DXC's Modern Platform. These platforms are built on the high availability and provide Disaster Recovery (DR) as a Service which will make sure the Service Level metrics and commitments are met all through the operations. The safeguarding of the data is assumed to of highest priority and will be part of the overall process through strict controls and risk management.

For the Automated Shared Services, DXC provides cloud automation solution - "Design for Operations", which enables you to create and manage virtual and physical pools of servers, storage, backup, middleware, and networking resources using a common management layer.

The configurable infrastructure environment comprises a set of private/ public cloud enabling preconfigured, dedicated hardware building blocks for computing, storage, backup, middleware, and connectivity. These building blocks can be scaled independently and serve as the underlying, enabling infrastructure used to provide the standard Infrastructure-as-a-Service

(IaaS). The initial building block comprises management components and computing, storage, backup, middleware, and connectivity blocks.

We have deep experience and expertise in setting up and configuring a dedicated, managed private cloud with this initial building block either in a DXC Data Center or on any other DIS preferred premises based on the target architecture and DIS decision on end-state DC. As capacity requirements increase, we can scale the compute, storage, middleware, and backup resource pools as needed.

Another capability, DXC Agility Platform is an enterprise software that provides a single, consolidated cloud management solution to simplify the complexities of public, private, and hybrid cloud management for large enterprises. DXC Agility Platform licenses are based on the amount of workloads (for example, Instances and VMs) managed. Integrations with third-party cloud providers and other services (storage, network, load balancers, and others) are included with the platform at no additional charge. It is a fully-integrated product, with multiple product modules, cloud adapters, SDK, command line interface, and a robust API. The core platform includes hybrid cloud governance, security, and orchestration capabilities consumed by each product module, exposed through API and implemented via adapters for all cloud environments. This can be used based on the target architecture with an additional license cost.

DXC Agility Platform integrates public/private cloud products and offerings from third-party suppliers, such as Microsoft, Amazon, and IBM. Within this platform, application owners can describe their service offerings within a "Blueprint," a visual representation of the technologies being combined to form a higher-level service (such as a corporate website, customer relations management system, or expense reporting). They can also specify where the different technologies are allowed to run, based on their corporate standards and/ or security, such as web servers in the public cloud (AWS and Azure) and database servers in their private cloud (VMWare and OpenStack).

DXC Agility Platform also has a comprehensive API, which can consume our reporting information into other third-party dashboards and use existing self-service catalog, along with many other integration points. DXC Agility Platform enables superior flexibility and portability. Enterprises can subscribe to both internal private and public cloud services of their choice without necessitating rework or new process designs to integrate additional private and/or public cloud services. Investments are “future-proofed” by Agility’s support for cloud portability for applications, platforms, and services via your defined service catalog of offerings.

Additionally, the Agility Platform can be used standalone or as a “plug-in” to an operational management platform such as ServiceNow.

DXC performs infrastructure planning and design of the private cloud infrastructure, followed by hardware infrastructure installation and configuration. This includes implementation and setup of private cloud servers, BladeSystems, Cloud Operations Orchestration (OO), VMware virtualization infrastructure, storage, backup, and network devices and moving them to production.

During the design phase, the target architecture becomes clearer and if DIS choose to go with our VMWare private cloud platform, we will provide all the design and implementation services focused on helping you design, install, and implement your private cloud solution. DIS will benefit from our cloud reference architecture, expertise, knowledge, processes, and standard methodologies in the deployment and configuration of the private cloud environment. Services provided to help design and set up your private cloud include:

- Professional and consulting services to design a hybrid cloud solution that is right for you and build an implementation plan
- Leveraging DXC Agility Platform to facilitate partner build, process build, and to configure, test and ship your new cloud environment to the destination Data Center.

- Onsite installation services of the cloud infrastructure (both hardware and software) and configuration by certified professionals
- Cloud management software configuration, including workflow development
- Standard onboarding and implementation activities for every initial private cloud build and for every cloud infrastructure expansion effort
- Configuration of your standard private cloud customer portal, including the design and publishing of a cloud service catalog, user account setup, and general account administration setup
- A Cloud initialization workshop that includes collaboration on common implementation project milestones and training on the private cloud customer portal

DXC will streamline the processes and deliver an error free migration experience to DIS. Our WAME methodology helps us to identify and mitigate the risks pro-actively during the design phase itself. Some of the common risks that we foresee during Data Center Migration engagements are identified below along with their mitigation Strategies. We will work with DIS to understand and document any additional risks as identified during the Design phase.

Table B: Challenges associated with Data Center migration and their mitigation strategies

Challenges/Risk Area	Mitigation
Balancing migration need against business as usual	A structured approach to migration planning will be made in conjunction with key stakeholders
Creating and maintaining stakeholder buy-in	In-person data collection and stakeholder interviews through the migration teams; minimizing risk through industrialized migration process
Limited change control windows	Maintaining migration throughput via the Migration Control function
Conducting optimal testing	Involve functional/ business SMEs from DIS to identify critical test scenarios
Servers may get damaged during Lift and Shift	Make sure complete back up of server data that will be lifted and shifted and complete the replication at the DR for the identified lift and shift production servers before the move. Activate DR until the damaged servers are restored in the new Data Center.
Unavailability of network at new Data Center	The DR will be invoked and the DR center will be activated till the network connectivity is restored at the new Data Center
Hard coded IP Addresses, Hostnames in some of the applications	Existing IP addresses and the host names will not be changed and will be retained as is.

Our Planning and Migration approach detailed above, combined with the below data points will deliver a successful migration for DIS.

- Trusted partner with over 15 years of experience, migrating clients' workloads and offering a full range of migration strategies underpinned by robust methodologies and analytics aligned to business objectives
- Proven tools like Turbonomic and Universal discovery to make sure that we are not missing any component in the current environment. These tools make sure that our assessment is based on the accurate inventory list.

- Over 200 trained and certified expert advisors, consultants, engineers, and system administrators to analyze and plan business and technology aspects of servers and application workloads when migrating while ensuring delivery excellence
- Global, industry-specific expertise with robust capabilities and established vendor partnerships with Carbonite Move (Double-Take), Microsoft, AWS, VMware and more
- Operating worldwide migrating over 60,000 IT workloads per year with 99.92% successful migration rate and one of the few service providers that can manage complex hybrid migrations delivering Infrastructure as a Service (IaaS) that integrates mainframe, midrange, private cloud, and public cloud into an effective IT ecosystem

1.2 Tools

Instructions: Provide the details regarding tools used for clients of similar size and complexity to State of Arkansas DIS to:

(i) Migrate clients from their in-house data center to a shared services environment in multiple - data centers.
  - Identify whether the migrations were performed in an online or offline manner.
  - If online, identify whether the migrations were performed in-band or out-of-band
  - Detail the impacts to customer production activities/workloads, during the migrations
  - Outline contingency planning, in the event of a failed migration

(ii) Deploy a highly-virtualized and automated shared services environment with self-provisioning, cloud orchestration, metering and billing, high availability, DR and public cloud connectivity setting

Address the benefits of these tools and how they can overcome common and unique challenges associated with data center migrations and shared services deployment. Also, address what options the State of Arkansas, DIS has regarding using these tools in the future.

(i) Tools used to migrate clients from their in-house Data Center to a shared services environment in multiple - Data Centers.
  - **Identify whether the migrations were performed in an online or offline manner.**
  - **If online, identify whether the migrations were performed in-band or out-of-band**
  - **Detail the impacts to customer production activities/workloads, during the migrations**
  - **Outline contingency planning, in the event of a failed migration**

DXC leverages multiple tools for successfully migrating clients from their in-house Data Center to a shared service environment in multiple Data Centers. These tools provide important insight to the current infrastructure landscape and enables effective planning and execution of the migration.

The usage of these tools is specific to each phase of the project and is further detailed below. The tools identified for the Discovery and Assessment phase, helps us to identify whether the migrations were performed in an online or offline manner. The WAME tool that is further detailed in the Assessment Phase, will provide the actual migration decision tree and this will lead to the migration assembly lines detailing the approach for each set of workloads and waves. The WAME tool set output details the impacts to customer production activities/workloads, during the migrations and the timelines for cut-over and risk mitigation strategies. These outputs will in-turn help to outline contingency planning, in the event of a failed migration and how to revert them back to original state. The Turbonomic tool detailed in the Discovery and Assessment phase help us to identify the inter-dependencies and provide most viable migration plan and workload details. They will help to decide if migrations were performed in-band or out-of-band, if the overall approach is to migration online.

The list of tools and their utilization across respective phases is detailed below:

Discovery Phase

- **MicroFocus Universal Discovery**: This tool enables automated data gathering during Discovery phase. Enabling this tool requires protocols and firewall port changes, and the placement of probes in the DIS environment. This tool will search for all servers specified (by Intellectual Property) and provide data which includes, but not limited to, basic server data (For example, OS, CPU, RAM, and Logical drives), installed software, and installed databases. Output from the tool will be used to report details of the analysis. This tool enables us to verify and validate the current inventory data and record the details of each device and connections. This tool will reduce the overall data gathering timelines considerably and provide a more as-is view of the current environment.
- **Turbonomic**: Turbonomic accelerates hybrid cloud migration by delivering fast, accurate migration plans, showing the exact compute and storage resources needed for applications to perform, at the optimal cost (inclusive of reserved instances in case of public cloud). Furthermore, once deployed in the public cloud, Turbonomic enables you to continuously optimize your entire hybrid cloud estate, both on-premise and on AWS/Azure, at scale, always assuring the performance of your applications at the lowest possible cost, while maintaining compliance to business policies. DIS can license this directly with Turbonomic for utilizing their capabilities post the migration is completed. The licenses are based on the virtual machines and workload capabilities. The key benefits of this tool are:
    - Rapid time to Value
        - Agentless, lightweight install discovers any virtualized workload in 45 minutes
        - Inventory and topology mapping is complete across an on-premise estate in hours
        - Generate actionable cloud migration plans in days
        - 90% of customers see ROI within the first 3 months of deployment
    - Accurate public cloud migration plans
        - Holistic, full-stack understanding of the on-premises estate
        - Simultaneously run migration plans for either provider (AWS or Azure)
        - Consumption based migration plans show a complete picture of resource needs from applications to hardware, rather than using a like-for-like allocation-based approach, to help right-size the environment and reduce costs
        - Plans recommend size-up for performance, size-down/utilize RIs to help reduce cost
        - Run and re-run migration plans within minutes throughout the migration process to account for any necessary changes
    - Lower costs and assure performance with continuous optimization
        - Scale compute, storage and RDS instances to optimize cost while maintaining performance and enforcing business policies
        - Discover and suspend unattached storage and unused instances
        - Automate actions in real-time or schedule disruptive actions (i.e. size down) during maintenance windows
    - Overall automation and monitoring to the environment after the migration.
    - Capability to identify the optimization opportunities in workloads ongoing basis.
- Questionnaire Tools – This includes Microsoft Excel, SharePoint and other multiple templates. DXC will work with DIS to determine the most effective questionnaire approach.

Assessment Phase

- **DXC WAME Toolset (Workload Assessment and Migration Engine)**: The WAME toolset manages data required to plan and execute a Workload migration/ transformation. The information is processed during the Assessment phase and during the Migration phase (Implementation). The tool provides:
  - Extensive standardized business rules and metrics to assimilate and analyze input data
  - Core analytic functionality for establishing Move-Groups: groups of apps, servers, storage, databases, etc. required to be moved as a unit, to prevent "breaking" the business application systems, server clusters, etc.
  - Landing-zones, identifies key migration risks, and defines the default migration approach and preferred migration tooling
  - Initial migration schedule that is optimized for the project's Move-Groups that can be adjusted
  - Detailed work-instructions and orchestrates the execution of the work-instructions via automated and manual methods

  The following figure depicts how the WAME Toolset supports the Migration Life-cycle:

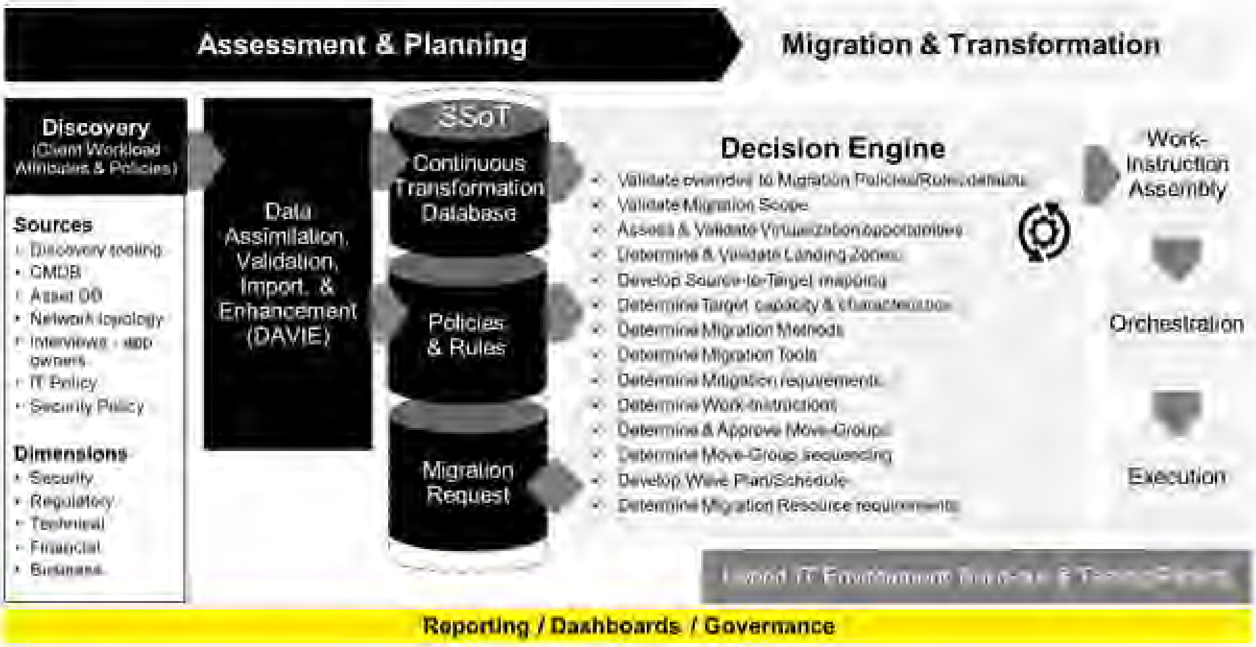

Assessment & Planning
Migration & Transformation
Discovery
(Client Workload Attributes & Policies)
Sources
Discovery tooling
CMDB
Asset DB
Network topology
Interviews - app owners
IT Policy
Security Policy
Dimensions
Security
Regulatory
Technical
Financial
Business
Data Assimilation, Validation, Import, & Enhancement (DAVIE)
SSoT
Continuous Transformation Database
Policies & Rules
Migration Request
Decision Engine
Validate overrides to Migration Policies/Rules defaults
Validate Migration Scope
Assess & Validate Virtualization opportunities
Determine & Validate Landing Zones
Develop Source-to-Target mapping
Determine Target capacity & characteristics
Determine Migration Methods
Determine Migration Tools
Determine Migration requirements
Determine Work-instructions
Determine & Approve Move-Groups
Determine Move-Group sequencing
Develop Wave Plan/Schedule
Determine Migration Resource requirements
Work-Instruction Assembly
Orchestration
Execution
Reporting / Dashboards / Governance

Figure 6 WAME Toolset for Migration

- **Turbonomic**: Apart from its usage during Discovery phase, Turbonomic tool will augment the WAME tool during the assessment phase for identifying the workloads and preparing the migration plan.

Planning phase

- **Microsoft Project**: The tool provides effective tracking at the detailed tasks level and the status reports on the various tasks involved.

- **Microsoft Visio**: This tool provides an effective medium for architecture drawings including various IT devices and connectivity options.

Migration Phase

- **Carbonite Move** - Carbonite Move Powered by DoubleTake, quickly and easily migrates physical, virtual, and cloud workloads over any distance with minimal risk and near-zero downtime. Using efficient real-time, byte-level replication technology, Carbonite Move creates a replica of the data, application, database, or entire server being migrated and keeps it in-sync with the production system. The migrated data can be validated without disrupting business operations, and downtime is limited to the seconds or minutes required for cutover to the new server.

This solves the critical problem of downtime and data loss, by syncing the current system with target, using AES-256 encryption to pass the data over the wire. The unified management console handles all your migrations, regardless of location or platform, from the initial replication through testing and the ultimate cutover. The console facilitates a complex and error-free migration while:

- Enabling reliable replication of data, files, and even systems settings
- Managing bandwidth with intelligent compression and throttling options
- Satisfying security requirements that all data sent over the wire is encrypted
- Integrating with any external management tools with our comprehensive SDK
- Preserving all the original attributes for the workloads if reverting to the original system becomes necessary

- **VMware tools such as vCenter Converter and vCenter Server Migration**: These tools will be used for VMware host migrations and utilized as per the current and target architecture and the system capabilities.

(iii) Tools used to deploy a highly-virtualized and automated shared services environment with self-provisioning, cloud orchestration, metering and billing, high availability, DR and public cloud connectivity setting

All the above-mentioned tools can also be used for deploying a highly-virtualized and automated shared services environment with self-provisioning, cloud orchestration, metering and billing, high availability, DR and public cloud connectivity setting. Apart from these, there are other utility tools that can be leveraged to speed up manual processes. These tools are not specifically tied to any migration tool mentioned above. They include:

- Tool to create Microsoft Excel based questionnaires for each in scope application
- Tool to merge separate questionnaires into a single version
- Tool to de-dupe applications where multiple inventories exist
- Tools to generate SharePoint questionnaire reporting

1.3 Quality

Instructions: Elaborate on how your organization ensures it delivers a quality solution in the area of data center migrations and shared services deployment. Specifically, how do you address errors of omission (i.e., ignoring key elements) and errors of execution (i.e., not having the right level of quality on one or more of the elements)?

DXC has successfully delivered multiple Data Center migration and Shared Services Deployments with strong quality and performance measures in place. These measures have made sure that the migrations are successful and adhere to all the standards defined by the industry and the client. DXC commits to delivering an error free and seamless migration experience for DIS.

Our Workload Assessment and Migration methodology (WAME) makes sure that we capture all the detailed inventory and inter-dependencies during the Discovery and Assessment phases. This methodology leverages Turbonomic tool, helps to understand the current workload sizing and future optimization options available. Together with other supporting tools and process, our migration assembly line verifies that key elements are not missed out during the Assessment phase. Some of the key processes that helps us to avoid the errors of omission and errors of execution are detailed below:

- Automated Data capturing avoids the manual intervention and helps to minimize the human errors. It captures the current system architecture which might have undergone multiple changes from the original.
- Extensive validation process with stakeholders like application owners, infrastructure administrators captures and validated the data. This will provide a complete assessment of the environment.
- WAME engine will provide quality checks, identify and address any discrepancy between standards, known formats, standard configuration etc. with what is discovered.
- Well defined exit gates at each stage verifies that deliverables are completed and signed-off before moving to the next phase. Automated checks in each phase helps to highlight the deviations and makes sure they are properly signed-off or corrected.
- Regular monitoring checkpoints and performance metrics evaluates the status of the migration process and brings out the issues pro-actively.
- DXC's Proactive management helps prevent and reduce issues and improve the process. For example, the ATACK and IMPACT tools to support incident avoidance by examining trends from previously captured data. These tools have the capability to identify failure points in advance.
- DXC's migration assembly line process for wave migration makes sure that the lessons learnt and risks mitigation process from each wave is completely analyzed and applied across the subsequent waves.
- DXC process makes sure that all applications, data, configuration information are backed-up to the last working state and frozen for any further changes. This provides system and data integrity.
- DXC will enable and test the DR and Continuity process for each application. This will help in maintaining the operations in rare case of any issues during the migration execution.

DXC quality checkpoints are highlighted in Figure 7 below.

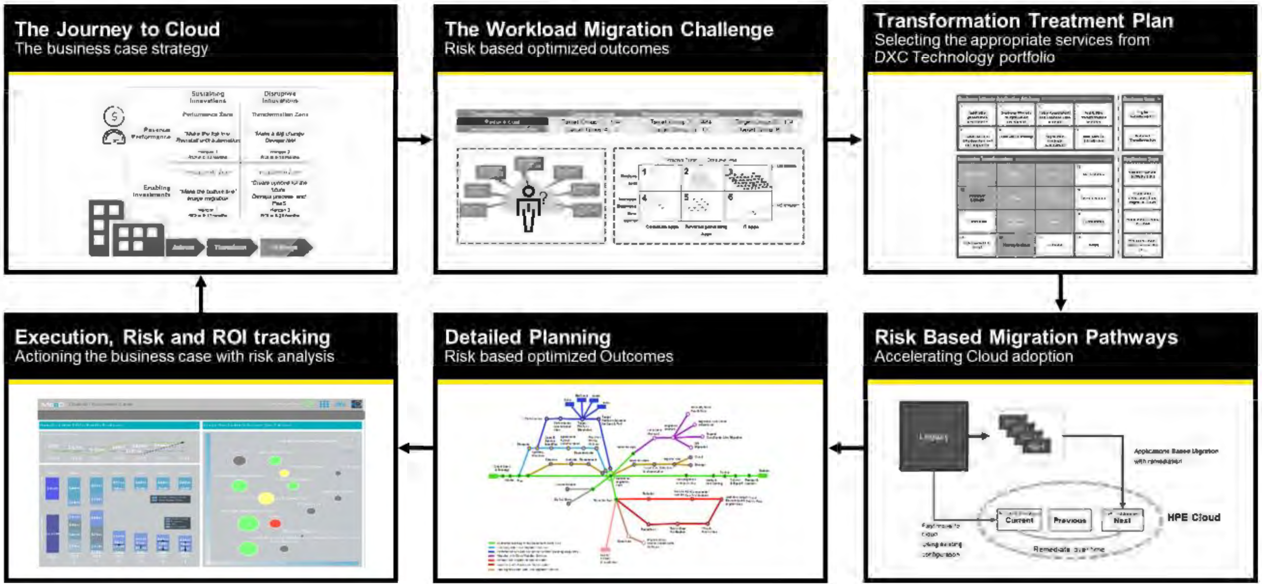

The Journey to Cloud
The business case strategy
The Workload Migration Challenge
Risk based optimized outcomes
Transformation Treatment Plan
Selecting the appropriate services from DXC Technology portfolio
Execution, Risk and ROI tracking
Actioning the business case with risk analysis
Detailed Planning
Risk based optimized Outcomes
Risk Based Migration Pathways
Accelerating Cloud adoption
Legacy
Applications Based Migration with remediation
Current
Previous
Next
HPE Cloud
Remediate over time

Figure 7 DXC Quality Checkpoints during Data Center Migration

DXC's Quality Assurance (QA) program provides the tools, and the processes that will give DIS quality services consistent with industry best practices, while being in-line with its own standards. The goal of quality assurance program is to maintain and gradually improve business-aligned IT service quality during the complete DIS Data Migration engagement.

DXC's quality assurance program responsibilities include the following:

- Develop and employ a quality assurance program, subject to DIS approval, designed to promote a high level of quality service performance while focusing on measuring and improving reliability, speed, cost-effectiveness, and customer satisfaction
- Write and maintain quality assurance procedures and measurements for activities associated with the services
- Confirm compliance with a published quality assurance program, including adequate internal controls and verification activities
- Allow clients to perform audits that focus on DXC's adherence to its quality assurance procedures and standards, metrics gathered to support quality assurance activities, and DXC's efforts to improve overall quality
- DXC will setup a real-time feedback portal for DIS to evaluate and provide feedback and inputs on the project work. This will enable prompt, appropriate feedback and action items on that.

Issue Resolution approach

In the rare case of errors or omission happening during the assessment or execution phase, DXC will deploy our standard Resolution and Escalation approach. These scenarios and resolution mechanisms differ from case to case. The below use-cases can broadly explain the key issues that might come up during the course of DIS Data Center migration.

- **Errors of Omission**: In this case, DXC will re-validate the initial signed-off inventory baseline to identify the impact to the overall migration plan and end-state performance. Since we will be deploying wave based migrations, the impact will be minimal and omitted devices and applications will be prioritized in the next wave depending on the criticality. In any case, during the assessment phase, based on the complexity and the amount of unknowns in the environment, team calculates the percentage of possible omissions and factor in adequate contingency in time and process to account them. For Example: if the volumes of unknowns are quite large due to various reasons like non-connected devices, non-standard configurations and non-documented applications, then it will split the whole wave to multiple sub-waves to account for the risk of unknowns. Similarly, if the environment is standard and able to discover without much manual intervention, then the standard process and plans take over with minimal risk overhead. The actual resolution process will depend up on the complexity and technology challenges. This will help to mitigate the risks of such omissions and restore the systems within the shortest possible time.
- **Errors of execution**: In the rarest event of an execution errors, DXC will deploy its contingency and risk mitigation process to minimize the impact to the target state and migration process.
  - First step will be to revert the migration and restore the process back to the original state.
  - Then, we will analyze the issue in depth to find out the root-cause of the problem. Once the problem is identified and resolved, the migration will be attempted again.
  - This will also be added to the risk management register and issue logs. This will make sure similar errors are not repeated in the subsequent waves.

- If there is a significant impact to the target state such that the device or application cannot be brought back to original state like data corruption or configuration changes, then DXC will invoke the DR capability during the period till the original application is restored.
- Restoration from the backup will be initiated for restoring back the application to the last working state. The application will be running from the DR site during this period to minimize the downtime.
- The error will be identified, logged and tracked to avoid occurrence. Any human errors will be rectified through reinforcing the process through refreshers and automating the task through scripts and tools.
- Additional checkpoints to validate the issue till the process affected is normal in subsequent waves.

These process checkpoints and highly automated tool-based solution enables DXC migration a seamless experience. DXC has performed error free, zero disruption Data Center migration for our other US based customers as well as customers across the globe. We will assure DIS of delivering on the same quality and efficiency for the DIS MAC migration.

2.0 Approach to Deliver Requested Services

2.1 Overall Approach (Planning and Execution)

Instructions: The scope of this RFP includes systems design & engineering, planning and migration from current data centers to a new shared services environment. DIS would like to understand your end-to-end approach. Describe the overall approach you would employ to plan and execute:

(i) The migration of the MAC data center to the SDCW and colocation data centers.
(ii) Deployment of highly-virtualized and automated shared services environment

Identify the key steps, the associated actions and the deliverables of each step.

(i) Migration of the MAC Data Center to the SDCW and colocation Data Centers

a. Guiding Principles

DXC believes that in order to meet the stated objectives for this initiative, it is required that the current systems, processes and procedures are fully reviewed within the context of the overall exercise to validate that:

- Best practices are incorporated where appropriate
- DIS specific processes that provide strategic advantage are retained
- Harmonized processes with unified view to business through Service Integrator Solution

DXC understands that DIS's Data Center operates in a customer-focused, complex and revenue-driven environment. DXC's proposed migration strategy is designed around the key principles to minimize the business impact.

- A comprehensive discovery phase, designed to understand the known, and account for unknown details of the source Data Center.
- The target infrastructure will be designed and planned - keeping in account DIS's requirement and digital roadmap priorities.

- The strategy and processes are designed for minimal service disruption to DIS's external customers as well as internal users during migration phase.
- All regulatory and non-regulatory compliance requirements met during and after migration.
- The design and migration strategy will incorporate existing disaster recovery and business continuity requirements of DIS.
- The design will attempt as far as possible to reduce the cost for the migration, which will include the opportunity cost resulting from downtime/ outages.

b. DIS Data Center Migration Drivers

In mid-2017, DIS launched an important multi-phased initiative that focusses on

- Optimizing and consolidating the State's Data Center assets
- Unifying the IT infrastructure to streamline State government operations
- Reducing costs and energy consumption
- Improving service delivery and efficiency across executive branch agencies

DIS aims to build a shared foundation for next generation digital government that all customers can use for current and future services. DIS intends to migrate customers positioned to do so, along with existing DIS systems, from the current MAC Data Center into the State's new Shared Services Environment as part of the Data Center Optimization (DCO) initiative

c. DIS Data Center Migration Framework

The following figure depicts, DXC's overall approach for the migration of DIS Data Center. This approach has been defined with a view to de-risk the entire migration process and to reduce the effects of the migration on the business and the end users

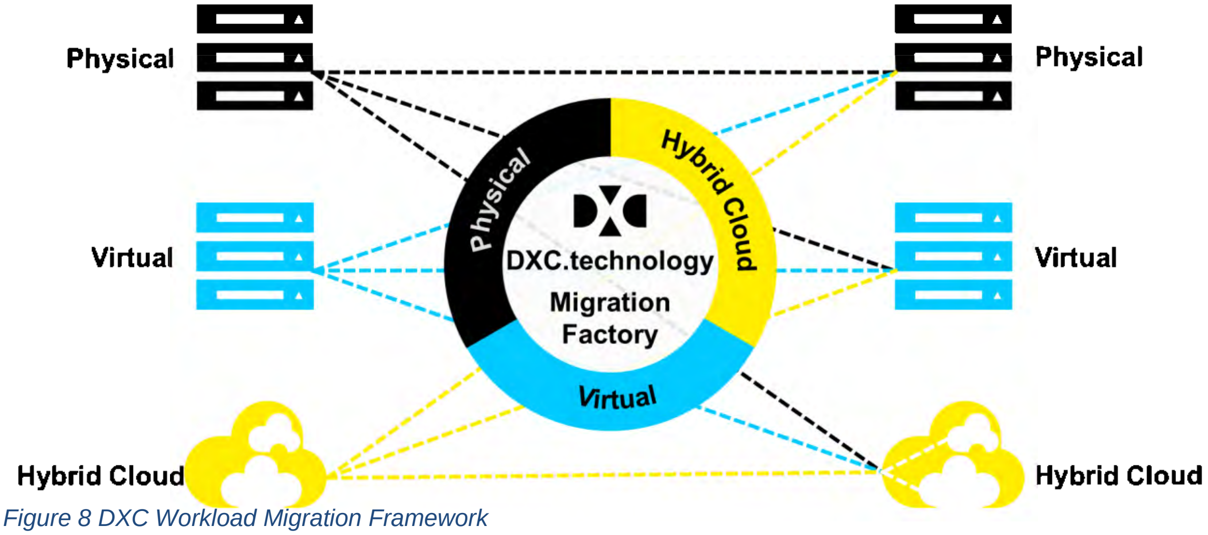


Figure 8 DXC Workload Migration Framework

DXC Workload Migration Services offers a standard and repeatable methodology called Workload Assessment and Migration Engine (WAME) to plan and migrate servers, applications, and data based on your organizations' requirements. We can migrate IT workloads to DIS's hybrid platforms-of-choice using industry leading tools and best-practice deployment methods to deliver at minimal disruption to business operations.

These services use automated and tool-based migration processes which are a result of extensive design and due diligence to mitigate migration risk. Workload Migration Services are platform agnostic and support migration to and from traditional hosting, private, public and hybrid cloud platforms. The Workload Migration Services:

- Manages data from the toolset that is required to plan and execute a Workload migration/ transformation
- Includes extensive standardized business rules and metrics to assimilate and analyze input data
- Includes core analytic functionality for establishing Move-Groups: groups of applications, servers, storage, databases, etc. required to be moved as a unit, to prevent “breaking” the business application systems, server clusters, etc.
- Determines landing-zones, identifies key migration risks, and defines the default migration approach and preferred migration tooling
- Generates initial migration schedule that is optimized for the project’s Move-Groups that can be adjusted in joint collaboration
- Generates detailed work-instructions and orchestrates the execution of the work-instructions via automated and manual methods

Table C: Overall Approach - Phased Execution

Phase	Details	Deliverables
Discovery	**Objective:** Perform an infrastructure and environment discovery exercise **Entry Criterion:** • Initial Inventory Details and Performance Metrics provided by DIS • Relevant Stakeholders identified (including any 3rd party vendors) • Business and Technical objectives validated with the stakeholders and signed off **Key Activities:** • Creation of discovery templates and questionnaires • Identification of key owners and contributors • Verification of scope and deliverables • Discovery gap analysis • Discovery tools deployment • Data gathering **Dependencies:** • Dependency analysis tools • External connectivity readiness • Necessary and relevant access permissions before the start of Project	• Confirmed project scope and schedule • Interview schedules • Asset and application inventories • Application to server maps and device dependency maps

Phase	Details	Deliverables
Assessment	**Objective:** Analyze functional and non-functional requirement **Entry Criterion:** • Business and Technical objectives validated with the stakeholders and signed off. • Target Architecture inputs from stakeholders in DIS • Virtualization inputs from application owners **Key Activities:** • Capacity assessments • Business criteria analysis • Opportunity evaluation • Application and server physical recursion and real-time interfaces (application context) assessment • Initial reference and target architecture development • Source to target placement and migration strategies **Dependencies:** • Target architecture blue print from DIS • Validation and sign-off on inventory list by DIS.	• High level solution architecture • Source to target placement models • Wave groupings • Virtualization models • Cloud assessment report
Planning and Design	**Objective:** Prepare design and plan for Data Center migration **Entry Criterion:** • Signed-off assessment report • Target architecture blue print **Key Activities:** • Develop transition strategies, processes and policies • Finalize architectures • Calculate timing and durations of wave groupings • Build out of the base infrastructure architectures and platforms	• Reference architectures • Preliminary transition plan • Reference Bills of Materials (BOM) • Resource and cost estimates • Detailed architecture roadmap • Finalize future state plan which includes final source to target placement and executable migration project plans • Detailed resource and costing • Purchase ready BOM and procurement plans • Master Wave Plan • Platform builds

Phase	Details	Deliverables
	• Proof of Concept testing and migration pilots • Firewall rule submission and load balance configurations **Dependencies:** • Application compatibility and future roadmap • Target DC layout and architecture • Network and Security requirements signed-off	• IP assignments • Migration Runbook
Migration	**Objective:** • Based on the Analysis and Design Phase, execute the migration plan. • Program and Project management for the Implementation • Sign off after each successful migration based on success criteria. **Entry Criterion:** • Future State Architecture agreed and signed off • Additional Hardware, Software to be procured, if any • All virtualization and consolidation options signed-off by DIS **Key Activities** • Data, server and application workload migrations as per the wave scheduled • Conduct unit and Integration testing • Perform User Acceptance Testing • Execute the cutover • Live production setup and commissioned • Documentation (Lessons learnt, Issues and Resolutions, Risks and Mitigation plan) • Active Directory Services • Sign off **Dependencies:** (Non-availability of the below mentioned will directly impact ability to deliver on agreed timeliness) • Communication with business units and end users to be carried out by DIS before	• Transitioned Architecture and Infrastructure

Phase	Details	Deliverables
	the start of the migration activities – Before the start of Project • Connectivity to new Data Center from DIS • Relevant stakeholders (DIS and 3rd party) to be made available for any discussions, installation and configuration (of their respective items), and required support • Sign-off for migrated infrastructure to be provided by DIS within stipulated time	

Detailed Approach

1. Phase 1 – Discovery

The Discovery Phase is focused on building business engagement for the migration activity while validation key information on applications, infrastructure and interfaces in a repeatable way with the DIS Project team.

This phase includes

- Deploying Universal discovery tool for automatic discovery and data collection.
- Deploying Turbonomic for workload dependency and current state analysis.
- Working with DIS stakeholders to understand the business environment, key drivers and challenges
- Working with business owners to identify the business rules and dependency on the applications.
- Understanding the internal workflows involving the applications in-scope, confirmation on scope, identifying business impacts, collecting infrastructure and application inventory etc.

2. Phase 2 – Assessment

The Assessment Phase includes analysis of the data collected and validated in the discovery phase. Based upon the analysis and data collection done in previous step, logical move groups and waves are created for migration. Following are the key activities we will be doing for DIS:

- Data analysis with data loaded into Workload Assessment and Migration Engine (WAME)
- Applications Contexting
- Master Device List
- Application to Server Mapping
- Application Dependency Mapping
- Scope Determination
- Landing-Zone Determination
- Move-Group Determination
- Virtualization Determination
- Initial Wave Migration Schedule
- Source-to-Target Report

DXC will create detailed migration design and migration plans during this phase. The Figure 9 below describes the steps involved:

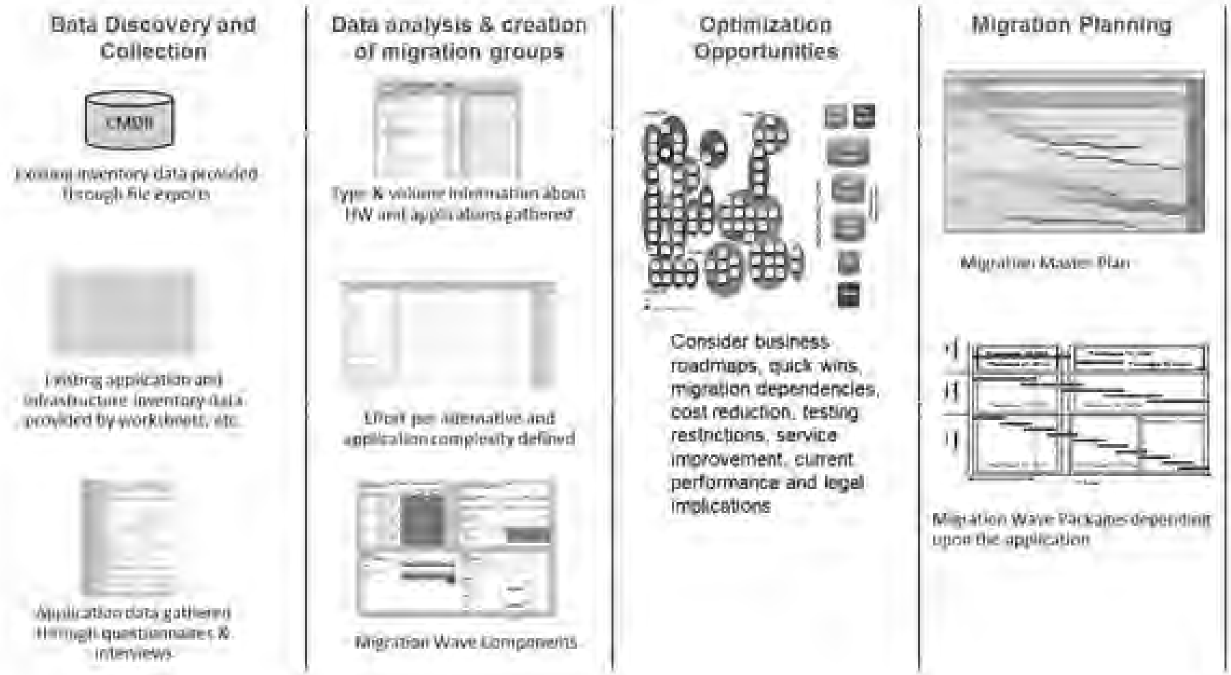

Data Discovery and Collection
CMDB
Existing inventory data provided through file exports
Existing application and infrastructure inventory data provided by worksheets, etc.
Application data gathered through questionnaires & interviews
Data analysis & creation of migration groups
Type & volume information about HW and applications gathered
Effort per alternative and application complexity defined
Migration Wave Components
Optimization Opportunities
Consider business roadmaps, quick wins, migration dependencies, cost reduction, testing restrictions, service improvement, current performance and legal implications
Migration Planning
Migration Master Plan
Migration Wave Packages dependent upon the application

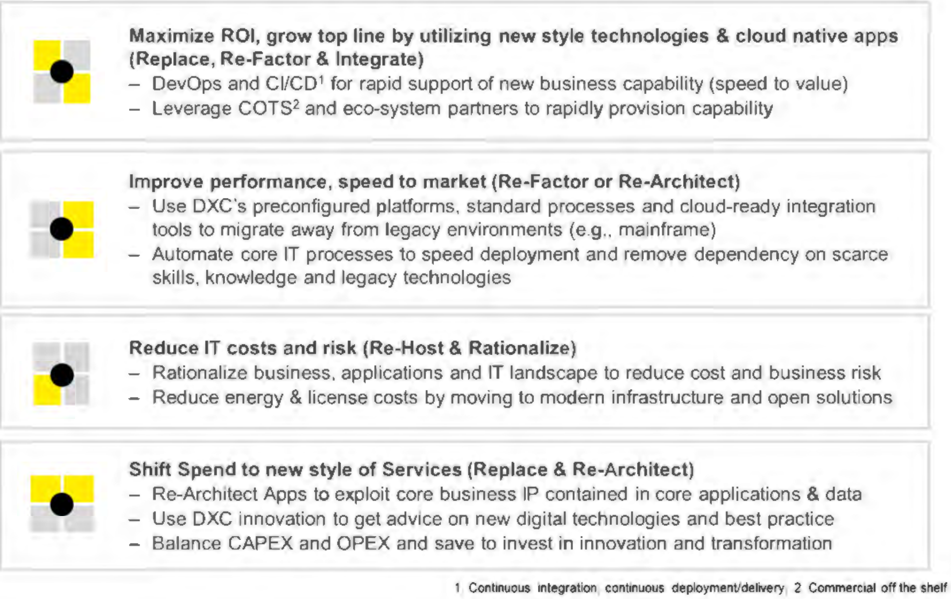
Figure 9 Steps involved during Migration design and planning phase

3. Phase 3 - Planning and Design

The Planning and Design phase uses the Assessment phase outputs, to plan and design the target Data Center. The target Data Center is to be provided by the DIS with all the details around power, cooling, network, security and DR architecture. DXC will be designing the compute, storage, application and related architecture to be hosted in the target Data Center.

In this phase, DXC will work to design the target architecture using the WAME framework and Turbonomic tools. This will essentially result in a decision tree, which will provide input to the migration waves and their sequencing. These migration wave sequencing will form the basis of migration assembly line.

The key aspects of the decision tree are detailed in the Figure 10 below:



Maximize ROI, grow top line by utilizing new style technologies & cloud native apps (Replace, Re-Factor & Integrate)
- DevOps and CI/CD[1] for rapid support of new business capability (speed to value)
- Leverage COTS[2] and eco-system partners to rapidly provision capability

Improve performance, speed to market (Re-Factor or Re-Architect)
- Use DXC's preconfigured platforms, standard processes and cloud-ready integration tools to migrate away from legacy environments (e.g., mainframe)
- Automate core IT processes to speed deployment and remove dependency on scarce skills, knowledge and legacy technologies

Reduce IT costs and risk (Re-Host & Rationalize)
- Rationalize business, applications and IT landscape to reduce cost and business risk
- Reduce energy & license costs by moving to modern infrastructure and open solutions

Shift Spend to new style of Services (Replace & Re-Architect)
- Re-Architect Apps to exploit core business IP contained in core applications & data
- Use DXC innovation to get advice on new digital technologies and best practice
- Balance CAPEX and OPEX and save to invest in innovation and transformation

[1] Continuous integration, continuous deployment/delivery [2] Commercial off the shelf

Figure 10 Key Aspects of the Decision Tree

A direct result of such an analysis output will the decision tree as shown in Figure 11 below:

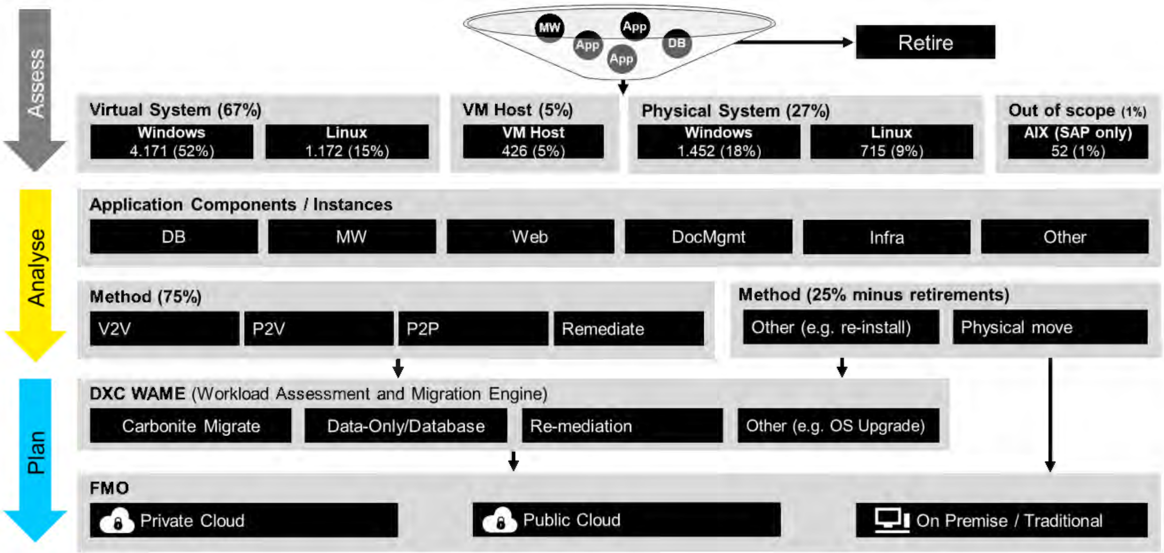

Assess
Analyse
Plan
MW
App
App
App
DB
Retire
Virtual System (67%)
Windows 4.171 (52%)
Linux 1.172 (15%)
VM Host (5%)
VM Host 426 (5%)
Physical System (27%)
Windows 1.452 (18%)
Linux 715 (9%)
Out of scope (1%)
AIX (SAP only) 52 (1%)
Application Components / Instances
DB
MW
Web
DocMgmt
Infra
Other
Method (75%)
V2V
P2V
P2P
Remediate
Method (25% minus retirements)
Other (e.g. re-install)
Physical move
DXC WAME (Workload Assessment and Migration Engine)
Carbonite Migrate
Data-Only/Database
Re-mediation
Other (e.g. OS Upgrade)
FMO
Private Cloud
Public Cloud
On Premise / Traditional

Figure 11 Decision Tree based on the analysis

The Migration waves sequence planning is performed in the same step and the activities carried out includes -

- Preparing a detailed migration plan and governance schedules
- Deploying all deployment as all servers and applications by the Core infrastructure leads. This includes the Server and Storage Farms and Network Installation (LAN, WAN, Security Devices).
- Defining the first level of application dependency. For Example: Active Directory, Messaging Services, DNS, and DHCP by the Core infrastructure applications.
- Building the Dev, Test and QA environments
- Enabling Dev, Test and Staging environments for migration before the production environment

- Prioritizing subsequent waves considering level of server complexity, server dependencies, risk mitigation, and manageable components of work.
- Prioritizing standalone/ low complexity servers to lead the wave deployment in order to shake out new infrastructure and processes, decreasing the overall risk of the migration
- Assigning the dependent servers that follows the standalone servers to the next of wave deployment
- Targeting the servers currently stacked and consolidated on common server infrastructure to be migrated in subsequent waves
  - The standalone servers which cannot be virtualized or re-hosted due to technology like Mainframe or application dependencies like legacy applications on a Windows 2008 platform, will be migrated as a lift and shift process.
  - Servers who are hosted on VMware farms can be migrated using VMware tools if the target architecture is also VMware and have the necessary network in place. We will be using VMware swing gears to reduce the risk and downtime.
- Creating a detailed testing plan and use cases for unit, integration and user acceptance testing for infrastructure and applications.
- Getting a sign-off on the acceptance criteria for successful migration.

DXC will make the exact wave sequencing in planning phase and get it signed off from DIS. This is followed by a detailed migration plan and server migration packs.

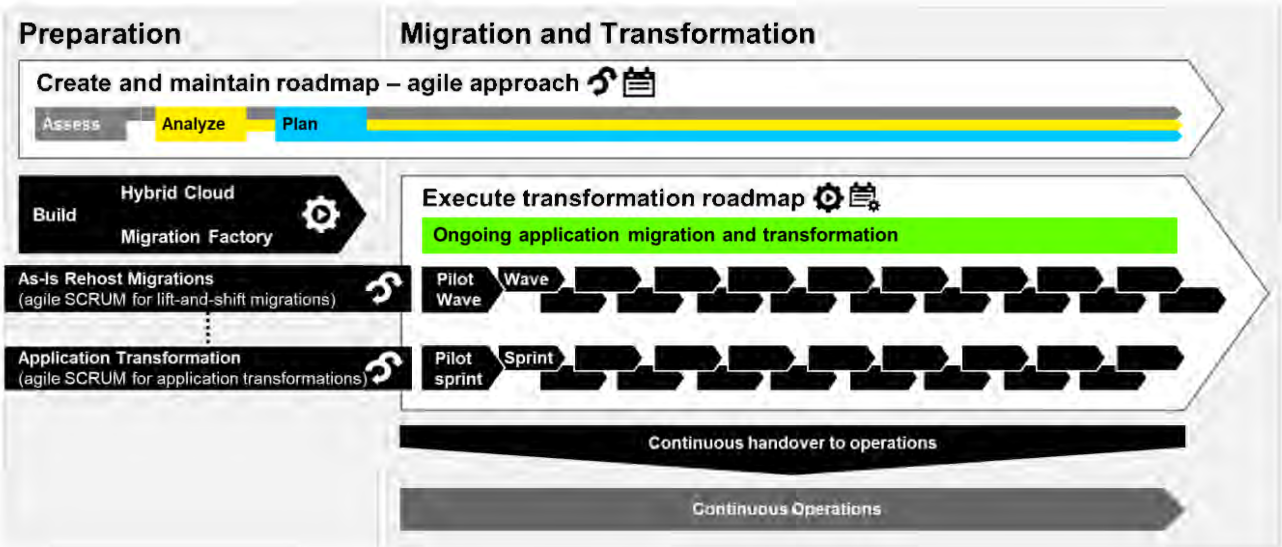

Preparation
Migration and Transformation
Create and maintain roadmap – agile approach
Assess
Analyze
Plan
Build
Hybrid Cloud
Migration Factory
Execute transformation roadmap
Ongoing application migration and transformation
As-Is Rehost Migrations
(agile SCRUM for lift-and-shift migrations)
Pilot Wave
Wave
Application Transformation
(agile SCRUM for application transformations)
Pilot sprint
Sprint
Continuous handover to operations
Continuous Operations

Figure 12 Migration Plan

During this phase, connectivity between the new site and the DR site will be established. Internal validation checks will be performed to deliver smooth migration.

4. Phase 4 – Migration

The Migration phase will include migration between CMO and FMO and during this phase, DXC will work with DIS to execute the migrations as per the signed-off wave plans from the CMO to FMO (“Source-to-Target”) environment. The migrations will be in accordance with the approved Move-Group Cutover Plan and Migration Wave Schedules using Migration assembly lines.

- The goal or outcome of the Migration Implementation becomes the live workloads in the Target FMO environment

- DXC will be deploying the Carbonite Move and VMware tools for migrations. Carbonite will help us to deliver an error free and seamless migration experience. VMware tools will ease the VMware based migration challenges
- Each wave of migration will be planned, and risk managed to the last detail with DXC team working in co-ordination with business and technology stakeholders from DIS
- Schedules, impact and changes will be communicated in advance to all stakeholders including business and end-customers
- Risk management and issue resolution mechanism will involve senior members from DXC and DIS. This will help resolve the issues at the appropriate level of criticality
- A detailed unit, integration and environment testing at both infrastructure and application level will be conducted
- Once testing is completed, it will be released select group of business owners, application owners and Data Center support team for user acceptance testing (UAT)
- Any issues and concerns will be addressed by the dedicated service support from migration team and application testers
- Once the sign-off is received, the environment is cut-over the target state as per the date and plan accepted by DIS
- Once the cutover is completed, the environment is handed-over to, and accepted by, the on-going operations team for the Target environment using the transition plan agreed.

(ii) Deployment of highly-virtualized and automated shared services environment

DXC has rich experience in setting up and managing high virtualized and automated shared services environment. We manage implementation activities related to the design, build, and deployment of highly virtualized environment.

DXC performs infrastructure planning and design of the virtualized infrastructure, followed by hardware infrastructure installation and configuration. This includes implementation and setup of private cloud servers, Blade-Systems, Operations Orchestration (OO), VMware virtualization infrastructure, storage, backup, and network devices and moving them to production.

DXC does the consulting and planning related to the automation software environment, including the software-related architectural design, build, and test and activation. We install and configure the portal application layer, enabling and configuring the Customer Portal. We make sure the cloud management layer and other operational support tools are in place, integrated, and aligned to our management standards.

In addition to installing and configuring hardware and software, we assess your Data Center capabilities and align the environment to work within those capabilities. For Example, we analyze whether your Data Center, a DXC Data Center, or a third-party Data Center is best suited to host your complete private cloud solution.

We will engage with you in a standard set of onboarding activities, which includes the following:

- Configuring your standard base customer portal, including the setup of your standard customer catalog and the listed users in the portal. Accounts are created within our service systems (such as Help Desk and Billing). If you elect to take advantage of one or more of the optional portal uplifts, we will work with you to configure those features and functions based on your business requirements.
- Establishing your ongoing operations function, which initiates ongoing support for hardware, software, portal, catalog, and cloud service environment if any.

- Conducting an Initialization Customer Workshop to gather necessary information and explain the use of the portal, user roles, available virtual machine templates, available lifecycle actions of the virtual machines and technical details.
- Onboarding if needed, DXC Cloud and Platform Services Advisory Consultants who can assist with the definition of DIS infrastructure architecture to make sure your applications operate efficiently in the cloud. These services may incur additional costs. Once the DIS cloud infrastructure is deployed, DIS IT staff makes standard compute, storage, and backup services visible to your users via a secure, web-enabled, self-service catalog. We train authorized users, who can begin deploying infrastructure resources.
- As a part of the overall environment setup, DXC have implemented private cloud and virtual private clouds for multiple engagements.
- Some of the key features that will be part of these deployments are
    - Self-service portal
        - Intuitive self-service modern web interface that allows real time visibility and control of cloud services
        - Simplified service catalog of Compute, Storage, and Backup and Restore features
        - Ability to select Data Center
        - Ability to select multiple compartments in the same Data Center
    - Billing, reporting, and service desk
        - Hourly pricing for compute and storage
        - Choice of Client Preferred (Home) Currency
        - Cross-Charge Reports
        - Improved Invoice Report
        - System Report for HPE Managed Servers
        - Service Level Report for HPE Managed Servers
    - Compute
        - Management of customer provided VMware virtual server images
        - Ability to import images through portal
        - Automated certification of customer provided images
        - Ability to order virtual servers with customer provided images
        - Support for SUSE 11 SP4; RHEL 7.2; Windows Servers 2008 R2, 2012 R2 images
        - User-defined VMware Virtual Machine sizes (client managed and HPE managed)
        - Ability to select virtual memory (2, 4, 8, 16, 32, 64 GB) and virtual processors (1, 2, 4, 8, 12, 16) independently
        - Resize up/ down for Client Managed VMware Virtual Machine with ability to select virtual memory and virtual processors independently
        - Suspend/ resume for Client Managed VMware Virtual Machines based on Power Off/ Power On

  - Ability to order single Data Center VMware Virtual Machines in a secondary site of a dual Data Center pair (no protection across the dual Data Center pair)
  - Ability to mount/unmount disk storage on Client Managed and DXC Managed servers
- Storage
  - Ability to order block storage for VMware Virtual Machines in 1 GB increments from 5 GB up to 1 TB for performance tier
  - Ability to resize up block storage for VMware Virtual Machines in 1 GB increments up to 1 TB for performance tier
  - Ability to order block storage for physical servers in 1 GB increments up to 8 TB for bulk, performance, and high-performance storage tiers
  - Ability to resize up block storage on physical servers in 1 GB increments up to 8 TB for bulk, performance, and high-performance storage tiers
- Network
  - Ability to use the Network Services Portlets for Firewall Rules, Virtual Load Balancer, and Customer-provided IP addresses (BYOIP).
- Backup and Recovery
  - File System Backup Service and Compliance Archive Protection Plans (Manual)
- Security
  - Federated identity management with Customer-provided Lightweight Directory Access Protocol (LDAP) or Active Directory
  - Two-factor authentication for access to self-service portal
  - DXC will be using its vast experience in deploying this highly virtualized infrastructure for building a similar one for DIS.

2.2 Discovery and Information Gathering

Instructions: Some of the key challenges large organizations face include lack of available information, inaccuracy of available information, and discovery of previously-undocumented application dependencies (includes hardware, software, and other applications). Describe how you have overcome these challenges and the advantages your tools and methodologies provide in overcoming these challenges.

Discovery phase is one the key steps in the overall program to overcome the challenges mentioned. This phase will decide the depth and breadth of the remaining migration process. DXC will be deploying the discovery tools and associated capabilities to get the auto population and verification of the data on the environment. One of key challenges with large organization is the lack of single point of truth for inventory and unavailability of accurate information about application dependencies. The multiple dependencies and inter-connected application workflows are often identified during the assessment phase.

DXC has formulated a clear plan to work towards these challenges with DIS and will use its WAME methodology and toolset for this engagement. Some key principles of the solution for discovery phase

1. Using automated tools and auto discovery of inventory makes sure that the chances of manual errors and omissions are avoided. Also, the modern-day tools like Turbonomic are

capable of penetrating the deeper network without any agents to identify the current architecture to highest level of accuracy.

2. Detailed interviews with application and respective infrastructure owner to identify the current map of applications to infrastructure. This will cover a cycle of multiple validations to reduce the chances of errors and omissions.
3. Application modernization and workload optimization exercise will help to understand the overall workflow and it will also throw-out the previously unknown dependencies.
4. Work with business owners to understand the business impact and unknowns functionalities which might not be in use for long and hence not identified immediately.
5. Plan for contingencies based on the complexity of the environment. This will provide an additional layer of validation and ability to accommodate a rare event of surprises.

DXC will use several different discovery tools. While most are focused on infrastructure data - some benefits could be derived for the applications. The key tools used in this phase are

- **MicroFocus Universal Discovery**: This tool enables automated data gathering during Discovery phase. Enabling this tool requires protocols and firewall port changes, and the placement of probes in the DIS environment. This tool will search for all servers specified (by Intellectual Property) and provide data which includes, but not limited to, basic server data (For example, OS, CPU, RAM, and Logical drives), installed software, and installed databases. Output from the tool will be used to report details of the analysis. This tool enables us to verify and validate the current inventory data and record the details of each device and connections. This tool will reduce the overall data gathering timelines considerably and provide a more as-is view of the current environment.
- **Turbonomic**: Turbonomic accelerates hybrid cloud migration by delivering fast, accurate migration plans, showing the exact compute and storage resources needed for applications to perform, at the optimal cost (inclusive of reserved instances in case of public cloud). Furthermore, once deployed in the public cloud, Turbonomic enables you to continuously optimize your entire hybrid cloud estate, both on-premise and on AWS/Azure, at scale, always assuring the performance of your applications at the lowest possible cost, while maintaining compliance to business policies. DIS can license this directly with Turbonomic for utilizing their capabilities post the migration is completed. The licenses are based on the virtual machines and workload capabilities. The key benefits of this tool are:
  - Rapid time to Value
    - Agentless, lightweight install discovers any virtualized workload in 45 minutes
    - Inventory and topology mapping are complete across an on-premise estate in hours
    - Generate actionable cloud migration plans in days
    - 90% of customers see ROI within the first 3 months of deployment
  - Accurate public cloud migration plans
    - Holistic, full-stack understanding of the on-premises estate
    - Simultaneously run migration plans for either provider (AWS or Azure)
    - Consumption based migration plans show a complete picture of resource needs from applications to hardware, rather than using a like-for-like allocation-based approach, to help right-size the environment and reduce costs
    - Plans recommend size-up for performance, size-down/utilize ROIs to help reduce cost
    - Run and re-run migration plans within minutes throughout the migration process to account for any necessary changes
  - Lower costs and assure performance with continuous optimization

        - Scale compute, storage and RDS instances to optimize cost while maintaining performance and enforcing business policies
        - Discover and suspend unattached storage and unused instances
        - Automate actions in real-time or schedule disruptive actions (i.e. size down) during maintenance windows
    - Overall automation and monitoring to the environment after the migration.
    - Capability to identify the optimization opportunities in workloads ongoing basis.

- **Questionnaire Tools:** This includes Microsoft Excel, SharePoint and other multiple templates. DXC will work with DIS to determine the most effective questionnaire approach.

These tools along with the matured processes and standard procedures to identify and accommodate the lack of information will deliver successful migration and zero to minimal downtime and any impacts to DIS schedules.

2.3 Transformation

Instructions: The State of Arkansas DIS is considering some IT initiatives that will happen in-parallel with the planning of the data center migration and shared services deployment. Some of these, such as deploying IaaS Shared Services to enable self-service provisioning, deploying a tiered storage offering to lower storage costs, and selecting public cloud offerings and enabling cloud connectivity, will impact the planning of the MAC data center migration. Describe how you have managed to mitigate the risks associated with planning/executing a data center migration and shared services deployment in-parallel with other projects that can impact the target environment.

With the complexities of Data Center migration, one of the biggest concerns that many organizations have prior to undertaking a transition activity is whether it is possible to implement the transition of environment without disruption to the operations. This includes how the currently running/ planned projects will be handled during the migration phase. To address these concerns, DXC has developed a *Transition and Transformation Methodology (TTM),* a robust set of guidelines, activities, tasks, tools and best practices. DXC's TTM incorporates management elements such as a Governance framework, Information Technology Services Management (ITSM) standard processes and technology innovation.

The cornerstone of TTM is the partnership DXC develops with customers. With DIS's knowledge of DIS's environment and strategic goals, and with DXC's expertise and resources, both parties will have full input and visibility to the work required and will be able to execute on proactive risk response plans.

Transition and Transformation Phase Definitions

DXC's Transition and Transformation Methodology (TTM) is structured as a series of activities that support an engagement from early planning through the conclusion of all Transition and Transformation projects to the target environment.

Projects are grouped into one of three broad categories:

- **Transition**: Usually related to assuming operational responsibility for Client "As-Is" environment, in this case the phase will be mainly used to finalize the Transformation Plan while Service takeover is excluded according to DIS's tender requirements and clarifications.

- **Transformation and Migration**: Related to immediate changes to DIS's "As-Is" environment, with the goal of facilitating the transfer in operational responsibility or to prepare the key elements foundations for the rest of the transformation. This phase corresponds to the "Transformation and migration phase" defined by DIS.

The initial activities that are defined in TTM are primarily focused on planning and information capture and are conducted by DXC with DIS's participation to make sure that they thoroughly address the requirements of the engagement. The activities cover the following:

- Identifying and categorizing the in-flight projects that will impact the migration projects
- Finalizing the strategy to handle the conflict points between these projects and migration project
- Defining DIS staffing needs to handle these conflicts along with DXC staffing
- Performing accurate analysis of the project impact, risks and mitigation options

During the Assessment phase of migration project the analysis related to these in-flight and parallel projects are also performed. Detailed planning for these projects is referred to understand architecture and target end state to enable knowledge captured during earlier projects to be included in the planning process. The specific deliverables and dates will be specified in the final assessment report.

Strategy Detail

DXC will operate between Framework Agreement sign-off and the other vendors Agreements definition to make available the main enablers for the assessing and analyzing the in-flight projects and transformation initiatives to achieve a smooth understanding of service responsibility.

Some DXC "global engines" like our knowledge base and skillset for assessment, both in terms of infrastructure and service management, will be made available to DIS. The typical DXC approach will be as below

Table D: Typical DXC approach during transformation

Scope	Current Baseline		Analysis and Recommendation	Migration Plan modification
Review the inflight project approach	Define the interactions with migration project	Collect the application and infrastructure data	Identify the potential conflicts	Mitigation plan for migration approach
Understand the data requirements and availability	Understand the business context. Collect financial data		Identify the future state impact	Create impact reduction plan
Prepare Data collection plan	Develop the baseline maps and understand the ongoing changes		Identify the floating data and its impact on the migration	Update the migration plan

Risk Management

Risk management is dynamic in nature, and DXC will adjust the response plans to meet the needs of the DIS engagement. A Risk Log will be included in the standard reporting tools and all risks will be recorded in that tool and referenced from there. Our Risk Management strategy is aimed at timely identifying change and project related risks, so that the governance team can set up the appropriate mitigation measures in timely manner and avoid the risk realization.

DXC's IT Risk Management methodology for DIS Data Migration engagement is detailed below.

DXC IT Risk Management Methodology

DXC IT Risk Management Methodology will help DXC and DIS to make sure the highest quality of analysis, design and implementation will be achieved together with the full compliance with

DIS's RFP constraints, from multiple perspectives covering technical, schedule and cost, inflight projects and ongoing transformation initiatives.

During the Assessment phase, DXC will introduce to DIS its Risk Management staff who will jointly work with DIS to develop a specific Risk mitigation plan that will be constantly kept as a reference/guidance during the following Migration activities.

DXC's objective is to manage the overall risk by maintaining a close relationship with the DIS's technical references for the various domains (i.e. change, messaging, Data Center, network, collaboration etc.). DXC will report regularly on the status of the current risk level, specific mitigation strategies execution and incurring of new foreseeable vulnerabilities.

The table below lists the risks identified in this project and their associated mitigation strategies.

Table E: Key risks identified and their mitigation strategy

#	Key Risks	Mitigation Strategy
1	Application migration has a strong dependency on the authentication services like active directory and interfaces etc.; Necessary services and interfaces if not available in target environment will introduce potential project delays	Synchronization of application relocation plans with active directory, network connectivity and other similar services which might be part of the ongoing transformation initiative.
2	The effort for reinstalling complex package applications with customization may be underestimated and will require assistance from the package application vendor or Subject Matter Expert (SME)	Make sure availability of DIS, or 3rd party SME for transformation after assessment phase; clarify roles and responsibilities with DIS prior application transformation effort
3	Availability of Infrastructure for target environment	To inform DIS about the Infra and platform requirements at least 1 month in advance
4	There might be applications which might be having OS or other dependencies which will not allow us to relocate the application	Impact on migration / consolidation planning; "On-premise" compartment can be used or systems will stay in local data room
5	Hard coded IP addresses or hostnames	Impact on migration / consolidation planning. Providing information upfront

2.4 Readiness

Instructions: DIS expects delivery of a detailed migration plan by the middle of Q4 2019. To meet that expectation, please outline the level of readiness regarding information required and expected DIS participation levels. Please identify any other expectations you have of DIS participation.

It is important that DIS's business users and IT staff are closely involved throughout the project to enable success of the assessment and migration project.

DIS's IT management will be needed to review draft deliverables and participate in checkpoint reviews. In the process of working with the DXC Program / Project Manager (PM), they will also provide the overall project direction and validate that the DIS staff meet their commitments to the project and are able to take on an increasing and significant role in the follow-on rationalization implementation activities.

The following table identifies the roles and major responsibilities, DXC envisions for DIS personnel participating in the assessment:

Table F: DIS Roles and Responsibilities for Assessment and Migration phases

Role	Estimated Time Requirements
DIS Executive Sponsor	Estimated Time: 2 hours per week. Role and Responsibility: • Available for all check point presentations • Address scope and timing issues as they arise. • Decision maker for all negotiations between IT and the business. Arbitrator for all escalated issues. • At a minimum, require availability for status meetings as well as availability for ad hoc briefings to address specific issues and points. • Attend the team's check point and final presentation of findings and recommendations.
DIS Business Management and Staff	Estimated Time: 6 hours per week Role and Responsibility: • Closely involved in the planning process. • Provide the following inputs to the process: – DIS business objectives, direction, and critical success factors. – Business impact of applications. – Documentation or insight into current application portfolio decision makers, structures and processes. – Assessment of the functional fit of applications – how well do they meet the business requirements; opportunities for improvement, and so forth. • Involved in the checkpoint reviews. • Provide business architecture and analyst capability for – Industry and business process knowledge – Understanding of business functions, processes and capabilities
DIS IT Management	Estimated Time: 10 hours per week Role and Responsibility: • Provide inputs on the following: – Current standards, policies, and procedures pertaining to applications development and maintenance – Current and planned projects that may impact this project – Current portfolio decision makers, structures and processes – IT long-term plans – Current DIS development and maintenance productivity and performance metrics • Expected to review draft deliverables and take part in checkpoint reviews

Role	Estimated Time Requirements
	• Provide overall project direction and make sure that the DIS staff meets their commitments to the project
DIS Program/ Project Manager	Estimated Time: Full time Role and Responsibility: • Identify application owners • Assist and coordinate all DIS related activities. • Receive and review status reports. • Issue resolution
DIS Application and Infrastructure Technical SMEs (Architects)	Estimated Time: 16 Hours per week Role and Responsibility: • Provide application/ infrastructure subject matter expertise through: – Identification and provision of supporting documentation – Review of deliverables and validation of recommendations – Providing architecture level diagrams and artifacts – Review deliverables for alignment with DIS architecture direction – Validating integration technology solution – Performing quality review of deliverables
DIS IT Staff	Estimated Time: 16 Hours per week. May vary on need basis Role and Responsibility: • Provide the ‘heavy lifting’ per their management’s direction in supporting the DXC team. • This will require several SMEs from each ‘area’ to spend approximately 30-40% of their time with the DXC team during the first 1-5 weeks of the engagement. A few hours weeks 6-19 may also be required. • The staff will contribute in the following areas: – IT application subject matter expertise – Identification of alternatives solutions – Responsible for enterprise view of the DIS architecture activities – Defines / validates technology and security solutions – Performs quality reviews of project deliverables – Local administrative support – scheduling interviews, managing questionnaires/questionnaires, providing the DXC team members with access to local resources as required.

2.5 Information Risk

Instructions: Fill out the table below.

Table 1: Information Risk

#	Question	Response
General		
1	Please provide where you store your electronic data	DXC will provide a Secure SharePoint site for storing electronic data
2	a) Are your employees required to sign a confidentiality agreement? If so, are they required to certify annually that they are bound by the policy? b) Does the confidentiality agreement provide for bonding or insurance of your employees as it relates to fraud, theft, modification, sale, etc. of State of Arkansas DIS data? c) Are all your employees bonded?	a) Yes. DXC employees are required to sign a confidentiality agreement. They are bound by this agreement as long as they are employed by DXC b) Yes. c) The Code of Business Conduct does not provide for bonding or insurance of our employees
3	Do you provide security awareness training relevant to individual's job roles? How often are employees required to take this training?	Yes, all DXC employees and contractors undergo a mandatory security awareness training and certification program for their respective job roles Yearly training needs to be taken by all the employees and contractors.
4	Is personnel screening done prior to access, please describe? Please describe your personnel termination procedures	All new DXC employees are required to complete a pre-employment background investigation. DXC standard pre-employment background checks will meet the following minimum criteria for all regular and part-time employees on DXC payroll, where legally permissible and culturally acceptable: National ID check, Five year criminal check (felony and misdemeanor), Employment history - confirmation of last two jobs and Education - confirmation of highest degree. New hires and/or existing employees working on client contracts, or who are in jobs requiring specific screenings may be subject to additional employment screenings, as defined in the terms and conditions of client contract agreement(s) or as detailed in position requirements or as otherwise legally required, to the extent permitted by local law. Upon termination of employment, all means of access to DXC and client systems are revoked immediately.
5	Will any of the services, for which the State of Arkansas DIS is contracting, be outsourced? Or, will any State of Arkansas, DIS data otherwise be accessible to third parties? If so, please describe, including how any transmitted data is protected.	No. DXC will not be outsourcing or sub-contracting any of the services for which the State of Arkansas DIS is contracting. DXC assures that no State of Arkansas, DIS data will be made available to third parties.
Application or System Data Security		
1	Describe your policies and procedures around the protection of State of Arkansas DIS confidential data (electronic and hard copy), including: a. Storing of data b. Handling of data c. Retention and disposal of the data	To appropriately safeguard sensitive information while it is being processed, transmitted or stored, DXC requires employees and contingent workers to abide by published data handling requirements.

#	Question	Response
	d. Disposal/destruction of obsolete hardware (Example - servers, hard drives)	DXC requires the use of cryptography: In Transit – When sensitive information is transmitted over external, unsecured networks or is transmitted wirelessly. This includes, but is not limited to, email, instant messaging and web traffic. Sensitive information stored on portable or removable devices in transit between DXC or supplier facility and another physical location must be encrypted. At Rest- When sensitive information is removed from secured DXC or DXC Supplier facilities. This includes, but is not limited to, information stored on laptops, memory cards/sticks, flash drives, smart devices, CDs, DVDs and Compact Flash (CF) cards. To prevent unauthorized access of sensitive information, all media is required to be erased electronically, by overwriting or degaussing prior to disposal or reassignment. Hard copy media (physical representation of information) containing sensitive information are required to be shredded prior to disposal. For those instances in which the media is damaged and/or data is unable to be securely overwritten or purged, the media is physically destroyed prior to disposal. DXC media sanitization and disposition procedures follow the recommendations contained in NIST 800-88, Guidelines for Media Sanitization
2	How do you and the State of Arkansas DIS exchange data (electronic transfer, mailing of tapes, etc.), and what protocols are used in this exchange (Example - FTPS, HTTPS)? Is data encrypted during transfer? If so, what is used to encrypt the data? For data that is delivered on physical media, where are packages and mail received? Who is responsible for delivering them to the appropriate individual? Is this data encrypted?	DXC will be using encrypted files wherever possible. The Secure Services Network (SSN) is defined as the Network Infrastructure used by DXC and other DXC business units to access and to deliver IT services to Client networks. The SSN is positioned between the DXC corporate network and Clients networks. It is composed of WAN and LAN elements assembled to permit the necessary access for tools and staff while ensuring the security level required between Clients and DXC assets. The SSN permits several delivery models using dedicated or leveraged tools or a mix of tools, with standards and processes optimizing DXC resources
3	Are personnel able to save data to any mobile devices such as PC/laptop/handheld/PDAs/USBs, including through screen shots? If so, please describe how the data residing on each devices is protected (Example encryption).	No, DXC will not be allowing any personnel to save the data into their personal devices.

#	Question	Response
4	Describe how mobile devices are used by personnel, and the type of data kept on them. Describe processes/controls in place to protect data stored on mobile devices, or transmitted to/from them, including the following: • Secure transmission • Encryption • Authentication controls • Mobile device policies and procedures	All Covered DXC Information stored on laptops and mobile devices must be protected and encrypted in accordance with the DXC Information Categorization Standard and DXC Encryption Standard. Storage of Covered DXC Information on cloud-based backup or storage solutions that are not managed or authorized by DXC is prohibited. Additional restrictions may be imposed by DXC clients regarding the communication, access and use of the clients' information. Covered DXC Employees and Covered DXC Third Parties should be aware of and comply with any such restrictions.

3.0 Service Level Requirements

3.1 Service Level Requirements

Instructions: The Contractor **must** meet the identified minimum service levels for the planning and migration phases. Complete the following tables with the recommended damages for each service level requirement.

Table 2: Delivery SLRs

Service Level	On time delivery	Proposed Damages
Description	Parameter used to measure the timeliness of deliverables identified jointly by DIS, and Contractor.	1% of the Quarterly invoice
Formula	The number of deliverables delivered on time divided by total number of deliverables for the measurement period.	
Performance Requirement	On time delivery = 100%	
Measurement Interval	Sub-phases of the planning and migration phase	
Reporting Period	Reported Monthly	
Measurement Tool/Source Data	Per the project plan developed by Contractor and accepted by DIS	

Table 3: Service Quality SLRs

Service Level	Service Quality	Proposed Damages
Description	Parameter used to gauge quality of deliverables	1% of the Quarterly invoice
Formula	The number of deliverables that do not have critical issues (Example, missing dependencies; missing key assets [Example, servers, storage, switches]; missing critical applications) divided by total number of deliverables per measurement period.	
Performance Requirement	Quality of deliverables = 100%	
Measurement Interval	Sub-phases of the planning and migration phase	
Reporting Period	Reported Monthly	
Measurement Tool/Source Data	Per the quality standards established by DIS and accepted by DIS and Contractor.	

4.0 Assumptions

4.1 Assumptions

Instructions: Document the assumptions in the below Table. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to the rejection of the Proposal.

Table 4: Assumptions

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
1.	2.1	The scope of work and the corresponding effort and schedule estimates for the 'Migration Planning' and 'Migration Execution' phases of this program are indicative; the actual estimates for schedule/timelines and efforts can change after assessment phase	The complexity and actual scope will be determined during the Assessment phase. Based on the understanding from this phase, the actual estimates for schedule/timelines and efforts will be determined
2.	2.1	All software, hardware and any physical movement of the hardware are out of scope for this RFP	As per the RFP, DIS will be responsible for these activities
3.	2.1	The target state architecture will be defined during the design and planning phase of the contract	End-state design will depend on the assessment report
4	1.0, 2.0, 3.0	The effort, schedule and price estimates are based on the current information furnished. Any material difference discovered at any stage of this program within the Data Center estate environment and the associated composition of the Data Center might warrant a change in the above estimate types	Effort and price are based on the current available information in the RFP
5	2.1	DIS will provide necessary business infrastructure for DXC team during the transition as well as steady state	DXC team will be working out of DIS premises
6	2.1	Both the test and prod environments will run from DR during the migration, if needed	Setting up of DR for existing environment is not in-scope
7	1.0, 2.0, 3.0	Under any of the phases, any activity or responsibility that is not clearly stated in-scope is deemed to be out-of-scope.	Any additional scope to be discussed and agreed between DIS and DXC
8	2.1, 2.2	DIS's organization-specific operating policies and procedures will be in accordance with the industry standards	Non-standard processes will involve additional effort and documentation
9	2.1	The baseline version of the acceptance criteria, which will be used to determine whether 'server migration' has been successful or not, will be established during, the 'Migration Planning and Design' phase.	Acceptance criteria will be defined during the planning and design phase

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
10	3.1	DXC will not be held responsible for any impact in service levels due to force majeure events.	Force Majeure events are not considered for SLA's
11	3.1	The non-uniformity and sub-standard performance of DIS's third party suppliers might affect the service levels, progress and outcomes of this program; any such instance need to be excluded from DXC's performance management practices	DIS will be responsible for the management and performance of third-party vendors and contractors.
12	3.1	DIS will be responsible for governance and compliance commitments with third-party suppliers; DXC team will not be accountable for any obligation or liability of any nature.	DIS will be responsible for the management and performance of third-party vendors and contractors
13	1.0, 2.0, 3.0	DXC personnel will be provided licenses, work assistance and training on all DIS-specific and proprietary systems and tools to be used during this program	DXC personnel will be working out of DIS premised during engagement
14	2.1, 2.2, 2.3, 2.4	DIS will make sure that the support required from existing team and SMEs towards knowledge transition and sharing of existing documentation, shall be provided.	Interaction and interviews with all the stakeholders is crucial for the success of the program
15	1.0,2.0, 3.0	Any change to the scope of work and DXC's related responsibilities might require re-estimation and review of resource commitments.	Current estimation is based on the given scope of the RFP
16	2.1	The migration execution timelines and deliverables will be mutually agreed between DXC and DIS during Planning and Design phase.	A clear view about the complexity of the migration and timelines will be available by planning and design phase
17	2.2	DIS will make sure adequate documentation is provided to the DXC team to adhere required standard or changes in the existing activities. • Technical, architecture, system, and organizational documents • Contact list of stakeholders involved in the project • Current technology/ Platform standards/ Architecture policy and standards/ Security standards • Summary level information on key in-flight initiatives	Lack of good documentation increases re-work and also the chances of error in understanding the critical aspects of the current estate
18	2.2	All questionnaire will be returned within a mutually agreed timeframe to maintain the integrity of the project schedule	A change in timelines will impact the overall schedules
19	2.2	DIS will allow DXC Technology to deploy the data collection tools for auto-discovery. DIS will allow DXC Technology access to collected data about the DIS servers, applications, data, and related infrastructure.	DXC tools needs to be deployed for effective data collection and discovery of the current environment

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
		DIS will allow firewall rules to be opened so that the data collection tools can be installed.	
20	2.2	DIS will provide necessary connectivity and required access in a timely manner to the DXC Technology data collection tools and the repository of collected data for DXC Technology team members	DXC tools needs to be deployed for effective data collection and discovery of the current environment
21	2.0	As per the requirements, transformation involves only version upgrade of Windows/Linux applications to target Operating System platform	Only Windows and Linux considered for migration based on available data
22	2.1	There will be no change in functionality and functionality and interface transformation will be like-for-like	Functionality change will involve changes in business logic.
23	2.1	DXC uses product built-in (Microsoft and SQL) tools along with DXC tools to perform applications assessment and transformation. Any requirement of additional tools will be identified during assessment and included in estimations separately	Any additional tools will be decided during the assessment phase
24	2.1	Applications and versions will be baselined before the beginning of the assessment, and application changes will be frozen once the assessment begins	Application baselining during the assessment phase for freezing the scope
25	2.1	COTS/ third party apps will be migrated by vendor. DXC will provide co-ordination and testing support. COTS vendor will be involved in the project from assessment thru the final deployment (COTS vendor effort not included in DXC estimates)	COTS will need support from vendor
26	2.1	Test data for all types of tests will be provided by ADIS. Any sensitive data can be masked before data is shared with the DXC team	Test data is to come from DIS business as it will facilitate accurate testing
27	2.1	Only smoke testing is included in estimates. No system testing, performance testing or security testing is included in scope. If required DXC will be able to scope and price the required effort at the end of assessment phase	Actual amount of time and effort for testing will be finalized during the assessment and design phase
28	2.1	Any Test Support is on the assumption that system test will be executed for not more than 2 weeks and does not involve multiple technologies	Test support is estimated based on current available data. This will be validated during the assessment phase
29	2.1	Analysis or fixing of inherent defects (defects existing in current applications) is not in scope of the transformation	Existing defect fixing is out of scope.

Template T-5

Work Plan and Deliverables

Response Template

RFP #: SP-19-0025

Proposal Formatting and T-5 Contents

ADFA and DIS strongly prefer that Prospective Contractor's proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor's proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

Template Section	Response No.	Response Template Section
1.0 Project Management	1.1	Project Management Methodology
2.0 Deliverables	2.1	Key Deliverables
3.0 Project Plan	3.1	Project Workplan
4.0 Assumptions	4.1	Assumptions

List of Tables

Table 1: Assumptions

1.0 Project Management

1.1 Project Management Methodology

Instructions: Describe the type and depth of project management expertise your organization deploys, as well as the project management methodology employed, to ensure effective development and execution of project plans.

DXC EDGE Project Management Methodology

DXC's methodology enables quality and efficiency through a defined, systematic method of project planning, control, and execution.

DXC designs projects to move DIS's strategic initiatives forward. We recommend a superior management process to carry out those business-critical projects—a time-tested, repeatable process to manage your budget, time, resource, and technology constraints. An efficient project management process helps DIS to :

- Gain insight—prior to project start—of required effort, time, and cost
- Plan earlier and more effectively
- Use resources more efficiently
- Make better decisions through improved teamwork
- Communicate status, issues, and decisions more effectively
- Respond more flexibly to change
- Enhance product quality by using defined, proven processes
- Progress in a more stable mode through effective risk management

DIS will save time and money by following a thorough project management process. You will be able to identify risks before they occur and avoid significant, costly changes late in the project. Detailed project planning results in a realistic, formalized project plan that will endorse DIS and DXC.

Trained and Experienced Project Managers

DXC's Project Management Development Program provides the training our project managers need to learn the latest techniques in all aspects of project management. Continually refreshed and updated, the 35-course curriculum is implemented throughout the world in 15 languages covering project leadership, management, communication, risk management, contracting, managing business performance, scheduling, cost control, and quality. We base the curriculum on the Project Management Institute's (PMI) Project Management Body of Knowledge (PMBOK). The curriculum also encompasses specialized courses on key DXC internal topics, such as the project methodology and essential business and financial management skills.

All courses taught in DXC's PM curriculum are registered in PMI's Registered Education Provider (REP) program to provide consistent basis and oversight.

DXC has a well-established program to encourage and support our project managers to achieve Project Management Professional (PMP®) certification. We have more than 10,000 individuals who have earned the prestigious PMP® certification from PMI.

Managing Projects to Impact Your Business

As part of our EDGE (Enabling Delivery and Global Excellence) Platform, DXC applies consistent processes, tools, and quality policies to drive project management and enable your success. Based on the Project Management Institute's (PMI's) Project Management Body of Knowledge (PMBOK), EDGE Project Management integrates nine management disciplines across four project stages to achieve your project goals and positively impact your business.

Effective Project Management Drives Success

DXC's Project Management methodology defines a process for starting, planning, executing, and closing down your projects. Throughout all project stages, we integrate your project management processes into interrelated project activities.

- **Startup** sets a project in motion and establishes the project's operational framework. The DXC Project Manager works with you to establish initial expectations for project deliverables, to define the project scope and internal procedures, and to organize the team that will complete planning activities.
- **Planning** refines and integrates the scope, standards, procedures, and other components of the project plan. The integrated plan documents approved scope, cost, and schedule baselines; facilitates communication among stakeholders; and guides project execution.
- **Execution** includes carrying out the project plan with the leadership of the project manager, project team, and cross-project resources. The project manager directs, monitors, adjusts, documents, and controls changes to the scheduled activities to adhere to compliance. DIS and the project manager continually monitor communication of status, variances from the project plan, and change requests.
- **Close Down** involves the project manager's systematic review of the project's process and outcome and the archival of critical project information for future use. The project manager documents follow-up business, holds a post project review to identify improvement areas, and measures your satisfaction.

From Startup to Close Down, we track, review, and regulate the progress and performance of the project. We identify any areas that require changes to the project plan and initiate those changes. In this way, we consistently observe and measure project performance to identify variances from the project management plan.

EDGE Project Management Disciplines

DXC executes project management based on the nine Project Management Knowledge Areas set forth in the PMI PMBOK. The table below provides a description of the knowledge areas, or disciplines.

Table A: EDGE Project Management Disciplines

Discipline	Description
Integration Management	Coordinates all aspects of a project to run all processes smoothly. Produces project charter, project plan, and scope statement.

Scope Management	Coordinates/ controls changes to scope and adheres to the contractual commitments that are defined and managed.
Cost Management	Promotes delivery within budget by increasing an organization's ability to track and manage revenues and costs.
Time Management	Reviews, measures, and provides cross-project statuses for decision making, including overall dashboard reporting, integrated schedule reporting, and metrics.
Risk Management	Captures, surfaces, escalates, and provides analysis and monitoring of risks that jeopardize the attainment of a milestone or benefit.
Quality Management	Enables the required processes exist for the program to satisfy the needs for which the program was undertaken.
Human Resources Management	Provides allocation, tracking, and control of human resources over a time period.
Communication Management	Develops a strategy and an operational plan for managing effective information transfer from one party to another.
Procurement Management	Provides a structured approach for managing the procurement needs of the program by overseeing, tracking, and managing subcontracts.

Integration Management

Integration Management includes identifying, defining, combining, unifying, and coordinating all project management activities that are crucial to project completion, successfully managing stakeholder expectations, and meeting requirements. Integration entails making choices about resource allocation, making trade-offs among competing objectives and alternatives, and managing the interdependencies among the nine project management disciplines.

Integration Management involves the following:

- **Develop Project Management Plan**—Document actions necessary to define, prepare, integrate, and coordinate all subsidiary plans.
- **Direct and Manage Project Execution**—Perform the work defined in the project management plan to achieve the project's objectives.
- **Monitor and Control Project Work**—Track, review, and regulate the progress to meet the performance objectives defined in the project management plan.
- **Perform Integrated Change Control**—Review all change requests, approving changes, and managing changes to the deliverables, organizational process assets, project documents, and the project management plan.
- **Close Project or Phase**—Finalize all activities across all of the project management disciplines to formally complete the project or phase.

Scope Management

Scope Management defines, manages, and documents contractual commitments. Scope Management assesses scope changes that occur at the project level, that cross projects, or that significantly affect project agreements.

One major deliverable of Scope Management is a program charter, which changes over time and is the impetus for starting new projects and closing existing ones. We create project scope statements from the program charter, which defines:

- Business landscape
- Objectives
- Benefits
- Constraints
- Scope
- Critical success factors
- Work breakdown structure
- Governance structure

To successfully monitor and manage scope changes, the DXC Project Manager considers a number of information sources internal to the program and also regularly seeks out, monitors, and identifies material shifts in corporate strategy, key project reports and issues, new opportunities, and other relevant information.

Cost Management

Cost Management promotes delivery within budget by increasing your ability to track and manage revenue and cost. The process consolidates budget, forecast, and actual data for DIS price (contract commitment or revenue) for projects that meet established criteria and thresholds for oversight.

Executing the Cost Management process involves the following steps:

- Collaborating with various internal and external organizations based on the processes and tools they use
- Capturing selected financial data for in-progress projects each month
- Analyzing financial status each month
- Producing consolidated variance reporting for all projects monitored or tracked
- Publishing financial reports to the appropriate governance bodies and key stakeholders
- Collecting metrics data to measure the effectiveness of the Cost Management process for governance
- Where possible, we collect required financial data from existing databases, processes, and tools

Time Management

Time Management is initiated with the creation of comprehensive project schedules derived from work packages (tasks) and activities (milestones) that reflect WBS structures created earlier. Task durations, dependencies, and milestones are created, taking into account your business requirements, resources availability, and impact to and from other projects.

Time Management monitors the status of the project, updates the project progress, and manages changes to the schedule baseline. Once validated Project Schedules have been created, Time Management reviews, measures, and reports project statuses. Progress reports communicate the status of each milestone using visual controls for follow-up and provide support to correct variations from the plan. Visual management alerts and early warning of variations from the plan enable a structured approach to problem solving.

Time Management documents the current status and project accomplishments and compares them to the baseline. It communicates project status and changes to the program team, to DIS, and to any other affected organizations. Time Management provides data for management decisions about Human Resources Management and provides justification for adjusting the program plan. It creates a basis for scheduled forecasts and budgets, and it provides an audit trail of project progress.

Time Management is a continuous activity that begins with project planning, providing managers with an established project-plan baseline, ready for execution and capable of robust status reporting.

Risk Management

The Project Manager is responsible for addressing risks - the potential situations that might jeopardize, delay, or negatively affect the project. DXC designs and documents a Risk Management strategy to make sure all personnel understand how to manage risks. The Risk Management strategy includes:

- Anticipating threats or events
- Systematically assessing and handling risk factors
- Maximizing the results of positive events and minimizing the consequences of adverse events

Developed to provide a well-balanced approach to risk management, this methodology logically progresses through Identification, Qualification, Risk Planning, and Risk Monitoring and Control.

Quality Management

Quality Management confirms that the processes exist to satisfy the needs for which a project was established. The scope of Quality Management includes:

- Quality planning to establish the strategies (or management plans) for managing each project management discipline
- Quality control to identify the measures needed to increase quality for the project
- Quality assurance (QA) to outline the actions taken to assess and improve the effectiveness and efficiency of the project through process improvements

Human Resource Management

Human Resource Management includes organizing, managing, and leading the project team. The project team comprises the people with assigned roles and responsibilities for completing the project, and all team members are involved in project planning and decision making. Early involvement and participation of team members integrates their expertise into the planning process and strengthens their commitment to the project.

Human Resource Management involves the following activities:

- **Develop the Human Resource Plan:** Identify and document project roles, responsibilities, and required skills, reporting relationships, and create a staffing management plan

- **Acquire the Project Team:** Confirm human resource availability and obtain the team necessary to complete project assignments
- **Develop the Project Team:** Improve the competencies, team interaction, and the overall team environment to enhance project performance
- **Manage the Project Team:** Track team member performance, provide feedback, resolving issues, and manage changes to optimize project performance

Communication Management

Communication Management comprises the planning, implementing, monitoring, and revising of all communication within an organization to enable effective project communication.

A communication strategy and a communication plan document the protocol for conducting effective communication with affected project stakeholders. Collectively, these documents establish the objectives, audience, message, content, and strategy for project communication.

Procurement Management

Procurement Management encompasses all activities required to acquire goods and services from outside the organization to make certain that the project attains its stated value and defined scope. The Project Manager determines, manages, and oversees all contractual requirements of the project.

The focus of Procurement Management is on subcontracts, legal terms and conditions, and the oversight and tracking of actual procurements of capital and non-capital purchases, facilities, equipment, software licenses, workstations, and subcontracted resources. Assessing project procurement needs helps to determine advantages (such as quantity discounts) for project-level coordination of procurements. .

Procurement Management make sure that:

- Vendors are selected fairly
- Subcontracts are developed consistently
- Subcontract commitments are met and renegotiated as necessary
- Contractual commitments are monitored

If significant variances are projected, the project manager will work with the vendors to make certain that corrective action plans are developed and followed.

When the Projects Become a Program

Complex, large-scale efforts that involve a number of projects significantly impact your business and bottom-line. Your programs, just like your projects, must align with your strategic direction. To address these complexities, DXC has added a tier of knowledge management activities (policies, process, and best practices) to create a robust process for Program Management to make sure your programs meet your strategic objectives.

We capture, escalate, and resolve unplanned events that jeopardize attainment of a milestone or benefit; we call this Issue Management. We also identify and track the realization of benefits you expect; we call this Value Management.

Issue Management

As a program evolves, differences may arise, or the program’s direction may begin to diverge from its objectives. Program issues typically have the following attributes:

- Are unresolved at the project level and have been escalated to the program level
- Affect more than one project within the program
- May jeopardize a key program milestone or deliverable, if unresolved

Anyone at any level in your organization can identify an issue. The first approach is to resolve the issue at the lowest organizational level possible. If that is not workable, the Program Manager escalates it to appropriate parties for resolution. This process has the following objectives:

- Ascertain that issues affecting programs and projects are identified, managed, and resolved appropriately
- Collect metrics data on the effectiveness of the governance process

During program start-up, we design and document an issue management strategy and share it to all personnel for them to understand on how to handle issues.

Value Management

Value Management identifies program benefits and outcomes and tracks their progress toward realization. Integration of benefits measurement is a critical dimension of program success. Program benefits, detailed in the program charter or contract, address the enhanced efficiency, economy, and effectiveness of future operations. The organization’s strategic business plan drives program benefits and results, which may include:

- Impact on key operational measures (time-to-market, throughput, headcount reduction)
- Profit and loss impact (increase in revenue, reduction in cost)
- Balance sheet impact (increase/decrease in inventories and other assets, associated depreciation, and tax implications)
- Cash flow impact (cash implications of all the above)
- Improvement in employee morale
- Skills transfer
- Stages of excellence
- A partnership between DIS and supplier

Value Management includes the following functions:

- Defining all levels of the program’s objectives and measures
- Establishing the process and responsibility for collecting and consolidating the measures to monitor progress
- Adjusting measures and processes to follow the evolution of the program and the DIS organization
- Embedding the relevant parts of the processes and measures into everyday business operations to sustain benefits tracking after program close-down

One output of Value Management is a continually updated document that includes the benefits realized to date and a rolling forecast of future benefits. Because you may realize program benefits months or years later, DXC may track achievement of benefits even after closing a program.

2.0 Deliverables

2.1 Key Deliverables

Instructions: Outline key deliverables you will create and for each identified deliverable, provide the objective, the level of detail and an associated sample. Please refer to the SOW in Section 3 of the RFP. Also, identify which deliverables are considered key and non-key.

DXC leverages its WAME framework to facilitate detailed assessment and understanding of the current environment and create and implement a migration, stabilization, and optimization strategy that aligns IT to business goals. Working closely with DIS, DXC applies proven strategies, processes, tools, and templates necessary to deliver a Data Center migration roadmap that incorporates existing key tactical and strategic initiatives and current business practices.

DXC's WAME framework consists of five primary phases which are detailed in Table B below:

Table B: DXC WAME Framework - Primary Phases

Phase	Activities	Key Deliverables	Non-Key Deliverables
Discovery	• Creation of discovery templates and questionnaires • Identification of key owners and contributors • Verification of scope and deliverables • Discovery gap analysis • Discovery tools deployment • Data gathering	• Confirmed project scope and schedule • Application to server maps and device dependency maps	• Interview schedules • Asset and application inventories
Assessment	• Capacity assessments • Business criteria analysis • Opportunity evaluation • Application and server physical recursion and real-time interfaces (application context) assessment • Initial reference and target architecture development • Source to target placement and migration strategies	• High level solution architecture	• Source to target placement models • Wave groupings
Planning and Design	• Develop transition strategies, processes and policies • Finalize architectures • Calculate timing and durations of wave groupings	• Reference Bills of Materials (BOM) • Resource and cost estimates • Detailed architecture roadmap • Finalize future state plan which includes final source to target	• Reference architectures • Preliminary transition plan • Detailed resource and costing • Purchase ready BOM and procurement plans

Phase	Activities	Key Deliverables	Non-Key Deliverables
		placement and executable migration project plans	• Master Wave Plan
Construct	• Build out of the base infrastructure architectures and platforms • Proof of Concept testing and migration pilots • Firewall rule submission and load balance configurations	• Migration Runbook	• Platform builds • IP assignments
Migration	• Data, server and application workload migrations • Transition to steady state	• Transitioned Architecture and Infrastructure	• Lessons Learnt log

3.0 Project Plan

3.1 Project Workplan

The Prospective Contractor should submit a Work Plan for the data center optimization. This Work Plan should demonstrate that the Prospective Contractor has a thorough understanding of all activities required to implement the scope of services required. The Prospective Contractor should provide a schedule with the shortest duration while providing enough time to perform the activities required as outlined in the RFP and without interruption to business operations.

The Work Plan should show all key elements including details with responsibilities, timelines, durations, milestone dates, deliverables, and Prospective Contractor personnel hours by deliverables during the Design and Migration phases, State personnel hours, and all critical dependencies for the milestones and deliverables. The Work Plan may be an attachment to the Prospective Contractor's Technical Proposal and tabbed as such in the submission as well as an electronic soft copy (Microsoft Project ® or equivalent and Adobe ® PDF) version in the Prospective Contractor's electronic submission of the Technical Proposal.

All content should be formatted for effective viewing in hard and soft copy.

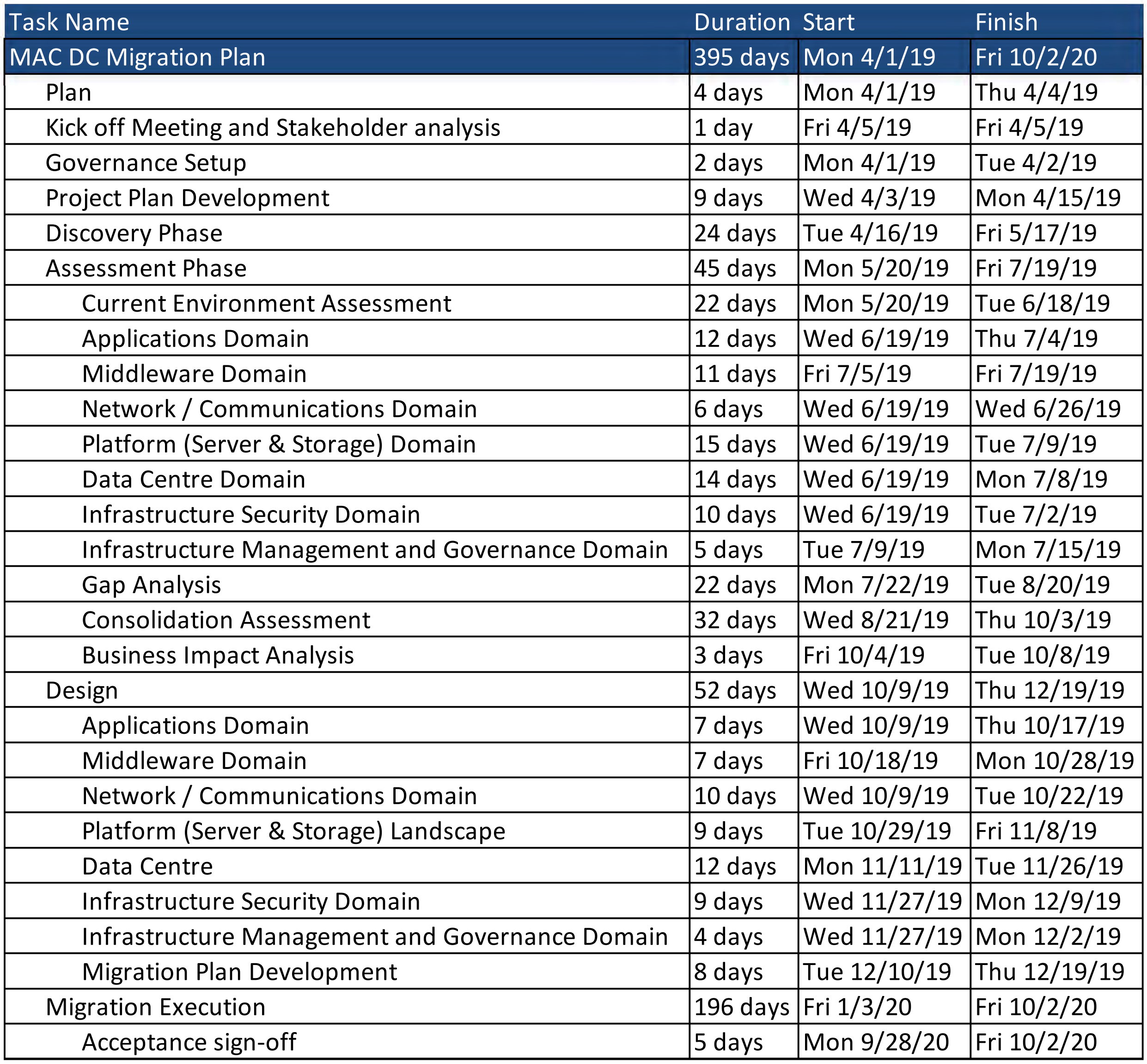
Instructions: Provide a Work Plan including at least:

- High level schedule (Microsoft Project® preferred and Adobe ® PDF) including all deliverables and milestones, and timeline for phased approach, if appropriate
- A listing of what staff is assigned responsibility for each deliverable within the WBS to the level at which control will be exercised
- Major milestones and target date(s) for each
- Definition of the review processes for each milestone and deliverable and a description of how the parties will conduct communication and status review

Include or attach associated artifacts such as Gantt charts and flowcharts as appropriate.

Please include a one-page readable high-level view of the plan here.

A high level view of the project plan is provided below.



Task Name	Duration	Start	Finish
MAC DC Migration Plan	395 days	Mon 4/1/19	Fri 10/2/20
Plan	4 days	Mon 4/1/19	Thu 4/4/19
Kick off Meeting and Stakeholder analysis	1 day	Fri 4/5/19	Fri 4/5/19
Governance Setup	2 days	Mon 4/1/19	Tue 4/2/19
Project Plan Development	9 days	Wed 4/3/19	Mon 4/15/19
Discovery Phase	24 days	Tue 4/16/19	Fri 5/17/19
Assessment Phase	45 days	Mon 5/20/19	Fri 7/19/19
Current Environment Assessment	22 days	Mon 5/20/19	Tue 6/18/19
Applications Domain	12 days	Wed 6/19/19	Thu 7/4/19
Middleware Domain	11 days	Fri 7/5/19	Fri 7/19/19
Network / Communications Domain	6 days	Wed 6/19/19	Wed 6/26/19
Platform (Server & Storage) Domain	15 days	Wed 6/19/19	Tue 7/9/19
Data Centre Domain	14 days	Wed 6/19/19	Mon 7/8/19
Infrastructure Security Domain	10 days	Wed 6/19/19	Tue 7/2/19
Infrastructure Management and Governance Domain	5 days	Tue 7/9/19	Mon 7/15/19
Gap Analysis	22 days	Mon 7/22/19	Tue 8/20/19
Consolidation Assessment	32 days	Wed 8/21/19	Thu 10/3/19
Business Impact Analysis	3 days	Fri 10/4/19	Tue 10/8/19
Design	52 days	Wed 10/9/19	Thu 12/19/19
Applications Domain	7 days	Wed 10/9/19	Thu 10/17/19
Middleware Domain	7 days	Fri 10/18/19	Mon 10/28/19
Network / Communications Domain	10 days	Wed 10/9/19	Tue 10/22/19
Platform (Server & Storage) Landscape	9 days	Tue 10/29/19	Fri 11/8/19
Data Centre	12 days	Mon 11/11/19	Tue 11/26/19
Infrastructure Security Domain	9 days	Wed 11/27/19	Mon 12/9/19
Infrastructure Management and Governance Domain	4 days	Wed 11/27/19	Mon 12/2/19
Migration Plan Development	8 days	Tue 12/10/19	Thu 12/19/19
Migration Execution	196 days	Fri 1/3/20	Fri 10/2/20
Acceptance sign-off	5 days	Mon 9/28/20	Fri 10/2/20

Figure 1 High Level Project Plan

The detailed project plan is provided in T5_Project_PlanningFinal - 3.1_Project Workplan Attachment.

4.0 Assumptions

4.1 Assumptions

Instructions: Document all assumptions related to this Response Template in the following Table. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to the disqualification of the Proposal.

Table 1: Assumptions

ITEM #	REFERENCE (Section, Page, Paragraph)	DESCRIPTION	RATIONALE
1.	2.1	Key deliverables listed are based on the current data and process. They will be firmed up during the contracting stage.	The deliverables listed are from our experience with the similar engagements of similar size and complexity. It needs to be tailored for DIS based on actual data.
2.	3.1	The project plan is high level and does not include all the details. The actual project plan will be firmed up and finalized with DIS during the planning phase after contract.	Current plan is a high-level plan based on available facts and data. This needs to be reviewed and discussed jointly with DIS.
3.	3.1	Some of the internal phases listed in the plan are indicative at this stage. Each of them will be validated during the planning phase	Current plan is a high-level plan based on available facts and data. This needs to be reviewed and discussed jointly with DIS.

Template T-6

RFP Response Checklist

RFP #: SP-19-0025

Proposal Formatting and T-6 Contents

ADFA and DIS strongly prefer that Prospective Contractor’s proposal be submitted in order of the Response Templates, and that all questions in each Response Template be completed. Prospective Contractor’s proposal should be organized in a manner that enables the State to easily locate all Prospective Contractor responses and exhibits. The Prospective Contractor is encouraged to provide clear, sufficient evidence that they meet the requirements.

The following illustrates at a high-level the contents of this Response Template:

Prospective Contractor Response Sections

The Prospective Contractor should use the response sections listed below to provide specific details of the proposed approach to meeting ADFA and DIS requirements.

Template Section	Response No.	Response Template Section
1.0 Prospective Contractor Checklists	1.1	Prospective Contractor Response Checklists
	1.2	Prospective Contractor Additional Forms Checklist
	1.3	Prospective Contractor Attachments Checklist

List of Figures & Tables

Table 1: Prospective Contractor General Requirements Checklist

Table 2: Prospective Contractor Response Checklist

Table 3: Prospective Contractor Additional Forms Checklist

Table 4: Prospective Contractor Attachment Checklist

1.0 Prospective Contractor Checklists

1.1 Prospective Contractor Response Checklists

Instructions: The Prospective Contractor should complete the following Tables to verify that all the RFP response requirements have been completed as instructed. The Prospective Contractor should provide specific references to proposal locations (e.g., section and page numbers) for each Template included. During the evaluation process, OSP will perform an initial review of the proposals to confirm these are included. If the items identified in this checklist are not included, the proposal may be rejected. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 1: Prospective Contractor General Requirements Checklist

PROPOSAL RESPONSE ITEM	COMPLETED AND PROVIDED AS INSTRUCTED?	
Prospective Contractor ’s proposal’s stamped date meets Proposal Opening date and time	YES ☒	NO □
Proposal is sealed	YES ☒	NO □
Technical Proposal and Official Price Sheet are sealed in separate envelopes. Each envelope is clearly marked “Technical Proposal” or “Official Price Sheet”	YES ☒	NO □
Proposal includes redacted copy.	YES □	NO ☒
Minimum Mandatory Qualifications – The Prospective Contractor has documented proof that it meets the minimum mandatory qualifications outlined in Template T-1.	YES ☒	NO □

Table 2: Prospective Contractor Response Checklist

SECTION / TEMPLATE	PROPOSAL RESPONSE ITEM	COMPLETED AND PROVIDED AS INSTRUCTED?		REFERENCE TO PROPOSAL RESPONSE SECTION
T-1	Cover Letter and Executive Summary	YES ☒	NO □	Technical Proposal T-1 Section 3.1, Page 1 to Page 10
T-2	Corporate Background and Experience	YES ☒	NO □	Technical Proposal T-2 Section 1.0, 2.0 and 3.0, Page 1 to Page 25
T-3	Project Organization and Staffing, and Staff Experience	YES ☒	NO □	Technical Proposal T-3 Section 1.0, 2.0 and 3.0, Page 1 to Page 16
T-4	Requirements Plan	YES ☒	NO □	Technical Proposal T-4 Section 1.0, 2.0, 3.0 and 4.0, Page 1 to Page 38
T-5	Work Plan and Deliverables	YES ☒	NO □	Technical Proposal T-5 Section 1.0, 2.0, 3.0 and 4.0, Page 1 to Page 13
T-6	RFP Response Checklist	YES ☒	NO □	Technical Proposal T-6 Section 1.0, Page 1 to Page 6
C-1	Official Price Sheet	YES ☒	NO □	Official Bid Price Sheet, Copy_of_C1_Cost_Workbook, Page 1 to Page 12

1.2 Prospective Contractor Additional Forms Checklist

Instructions: Refer to RFP 1.8(A)(2). Prospective Contractor should complete the following and include in the original *Technical Proposal Response* only:

Table 3: Prospective Contractor Additional Forms Checklist

PROPOSAL RESPONSE ITEM	COMPLETED AND PROVIDED AS INSTRUCTED?	
EO 98-04 Disclosure Form. (See RFP *Standard Terms and Conditions, #27. Disclosure*): https://www.dfa.arkansas.gov/images/uploads/procurementOffice/contgrantform.pdf	YES ☒	NO ☐
Copy of Prospective Contractor's *Equal Opportunity Policy*. (See RFP *Equal Opportunity Policy*)	YES ☒	NO ☐
Voluntary Product Accessibility Template (VPAT) – (See RFP Technology Access): https://www.state.gov/documents/organization/126555.pdf *Note: Prospective Contractors are only required to respond to VPAT sections 1194.21 & 1194.22.*	YES ☒	NO ☐

1.3 Prospective Contractor Attachments Checklist

Instructions: The Prospective Contractor should identify all attachments that are part of the Technical or Cost Proposals. The Prospective Contractor should provide specific references to proposal locations (e.g., section and page numbers) for each attachment included. All attachments should be included in both soft and hard proposal copies. Add rows as necessary. Do not change any of the completed cells. Any changes to the completed cells could lead to rejection of proposal.

Table 4: Prospective Contractor Attachment Checklist

ATTACHMENT ID	ATTACHMENT NAME	ATTACHMENT PROVIDED?		REFERENCE TO PROPOSAL RESPONSE SECTION
1	T2_CBE (1) – Corporate Background and Experience – 1.3 Financial Information Attachment	YES ☒	NO ☐	Technical Proposal T-2 Section 1.3, Page 15
2	T2_CBE (1) – 2.5 Prospective Contractor Quality Certifications Attachment	YES ☒	NO ☐	Technical Proposal T-2 Section 2.5, Page 23
3	T3_POSSE – 2.6 Resumes Attachment	YES ☒	NO ☐	Technical Proposal T-3 Section 2.6, Page 12
4	T5_Project_PlanningFinal - 3.1_Project Workplan attachment	YES ☒	NO ☐	Technical Proposal T-5 Section 3.1, Page 11

ATTACHMENT ID	ATTACHMENT NAME	ATTACHMENT PROVIDED?		REFERENCE TO PROPOSAL RESPONSE SECTION
5	EO 98-04 Disclosure Form	YES ☒	NO ☐	Technical Proposal T-6 Section 1.2, Page 4
6	Copy of Prospective Contractor's Equal Opportunity Policy	YES ☒	NO ☐	Technical Proposal T-6 Section 1.2, Page 4
7	Voluntary Product Accessibility Template (VPAT)	YES ☒	NO ☐	Technical Proposal T-6 Section 1.2, Page 4

Attachments

CSC

Leading Our Clients' **Digital Transformations**

2016 ANNUAL
REPORT

“The fact is that *all* of our clients and prospects are making a transformation to the digitally integrated enterprise, and that creates a fantastic opportunity for us to lead and grow.”

MIKE LAWRIE
Chairman, President and Chief Executive Officer

A Letter from Mike Lawrie

In last year's annual report, I concluded with this statement about our business:

"We are committing more and investing more in our clients, our partners and our people — and we expect to win more, grow more and achieve more in the year ahead for you, our shareholders."

I am pleased to report that in fiscal year 2016, CSC delivered on our commitments and accelerated our ongoing transformation.

During the fiscal year, we successfully separated the company into two publicly traded pure-play leaders, each with the ability to lead clients on their digital transformations. Both CSC and CSRA (created by combining CSC's former North American Public Sector business with SRA International) today have strong foundations with compelling value propositions and are well-positioned to grow and lead in their respective segments.

Our goal is to be the #1 or #2 provider of next-generation solutions in the key markets, industries and practice areas we serve, and we are beginning to carve out true leadership positions as a result. In this regard, CSC had a notably productive year:

- In partnership with HCL, we created CeleritiFinTech to capitalize on the proven capabilities of both our companies to serve the multibillion-dollar, global core banking software market.
- Our acquisition of Fixnetix, a leading provider of front-office managed trading solutions, makes CSC a world leader in providing managed services to capital markets firms.
- With Fruition Partners, CSC is now the number one integrator of ServiceNow globally. We are strengthening our leadership in this space as demonstrated by our recently announced intention to acquire Aspediens, Europe's leading provider of technology-enabled solutions for the service management sector and a preferred ServiceNow partner.
- The acquisition of UXC Limited makes CSC the largest independent IT services provider in Australia. UXC's application platform capabilities — combined with CSC's existing strengths in cloud, cyber and big data — enable us to lead the most challenging projects for our clients in the region, and beyond.
- Our recently completed acquisition of London-based Xchanging places CSC at the heart of the insurance industry's digital transformation as the top provider of core insurance solutions globally.
- We are carrying this momentum forward in the new fiscal year with the proposed merger of CSC with the Enterprise Services business of Hewlett Packard Enterprise. The combination will represent a giant leap forward in CSC's transformation and is an exciting development for our industry and for our people, clients, partners and shareholders. This transaction is forecast to close at the end of March 2017. *(See sidebar for more information.)*

CSC AND HPE'S ENTERPRISE SERVICES — CREATING A GLOBAL IT SERVICES LEADER

On May 24, 2016, CSC announced that its Board of Directors — just 6 months following our business separation — unanimously approved a plan to merge the company with the Enterprise Services segment of Hewlett Packard Enterprise (HPE).

The strategic combination of these two complementary businesses will create one of the world's largest pure-play IT services companies, uniquely positioned to lead clients on their digital transformations. The new company is expected to have annual revenues of $26 billion and more than 5,000 clients in 70 countries. The merger is expected to be completed by the end of March 2017, subject to CSC shareholder and regulatory reviews and approvals.

"As a pure play, the combined company will be built to lead digital transformations using next-generation technology solutions from both companies. It will be able to operate independent of any single hardware provider, while partnering with the world's leading technology providers, including HPE."

MIKE LAWRIE
Chairman, President and
Chief Executive Officer

These strategic additions to CSC accelerate the rebalancing of our offering portfolio, fully align with our commitment to technology independence, and position CSC to lead in the markets and industries we serve around the world. At the same time, these outstanding companies bring talent, new capabilities and cultural diversity to CSC, and create more opportunities for all of our people.

CSC has an exciting story to tell. And while there is more work to do, our accomplishments should serve as a great source of pride for the entire CSC family.

In fiscal year 2016, we continued to invest in our business and people. Once again CSC produced solid profitability and earnings growth — along with healthy cash flow. CSC's full-year results for fiscal year 2016 included GAAP earnings per share from continuing operations of $0.50 and non-GAAP earnings per share from continuing operations of $2.57.[1] CSC also returned $594 million to shareholders in the form of $421 million in common stock dividends — including the $10.50 per share concurrent special cash dividend paid by CSC and CSRA at the time of separation — and $173 million of share repurchases.

CSC is well positioned to deliver revenue growth and margin expansion in the coming year based on our success in fiscal year 2016.

We secured more than $8 billion in new business to provide next-generation IT services and solutions to global clients. One of these agreements was a $600 million contract extension with BAE Systems that introduces new capabilities, such as CSC BizCloud™ and CSC Agility Platform™, across an expanded scope in applications, infrastructure and project services.

[1] Please see non-GAAP reconciliation of EPS on page 26 of the 10-K.

While large contracts are key to CSC's ongoing success, client purchasing trends have increased the importance of midsized deals. At WEX, a global payments company, our account team grew CSC's footprint from a small IT hosting agreement to a sizable transformational outsourcing contract, including service management, cloud, cybersecurity and applications modernization. We also partnered with EMC, Hitachi Data Systems and VMware to provide an enterprise cloud–based solution to The PNC Financial Services Group, a top 10 U.S. bank, and are extending that relationship with a range of ServiceNow services provided by our Fruition Partners team.

These are just a few examples of clients who are looking for guidance and innovation to compete in the new digital marketplace. The fact is that *all* of our clients and prospects are making a transformation to the digitally integrated enterprise, and that creates a fantastic opportunity for us to lead and grow. To do this, we have had to "change our wiring" from being a provider of large IT outsourcing services — a business in decline — to becoming a leading provider of the services and solutions that enable our clients' digital transformations.

To lead our clients on their digital journeys, we have streamlined our portfolio from more than 2,000 custom offerings into 15 families composed of 200 modernized offerings. These offerings are linked to the key digital shifts we are seeing in the market around applications, platforms, networks, enterprise service management and the workplace, as well as to new digital business models emerging in industries such as insurance, healthcare and banking.

Building on this strategic clarity, in fiscal year 2016 we continued to make progress toward our revenue crossover as discussed at our November 2015 Investor Day. (The crossover refers to the point at which growth in next-gen revenue exceeds decline in our legacy business.) Revenue from our next-generation offerings grew more than 54 percent in constant currency over fiscal year 2015 and, impressively, more than 60 percent year-over-year in our fourth quarter on the same basis.

I am also pleased to report that overall client satisfaction increased for the fiscal year, with a 15 percent improvement in our Net Promoter Score®, demonstrating client confidence in our go-forward strategy.

We are also continuing to extend our leadership position with the support of our alliance partners. We made a pivotal decision 4 years ago that we would collaborate better than any other player in the enterprise IT space. To that end, we once again invested more than $200 million in next-generation services and solutions in fiscal year 2016 to complement the billions of R&D dollars invested by our alliance partners.

This approach has yielded impressive results, including the alignment of CSC Agility Platform™ with AT&T Netbond® to establish a highly secure cloud management solution for clients, and our collaboration with 360Globalnet, a UK-based digital insurance solutions provider, to power state-of-the-art, self-service claims processing. CSC was named Global Partner of the Year by Hitachi Data Systems. For 2015 we were recognized by EMC as its Americas Alliances Partner of the Year for the second consecutive year and also were honored as its Global Strategic Outsourcer Partner of the Year.

New Vision. Renewed Focus.
Launching Two Pure-Play Market Leaders Into A Bright Future
NEW YORK STOCK EXCHANGE
CSC
LISTED
NYSE
MONDAY
30
NOVEMBER
CSRA
LISTED
NYSE

To ensure that we have the right mix of next-generation skills to realize our goals, we continued to make strategic investments in our most important asset: our people. In addition to hiring hundreds of new employees across the globe each month, we established an end-to-end workforce management program to better identify, hire, onboard, train, incent and retain skilled professionals. We launched programs in partner technologies, such as IBM and Amazon Web Services cloud computing, successfully training 700 people on IBM Bluemix and 3,350 on Amazon Web Services. And we piloted MyCareer@CSC, an integrated skills development program that identifies the next-generation skills we will need to lead, while providing specific learning paths for our people.

As ever, we are guided by our CLEAR Values. And, as part of our continued focus on business growth and performance excellence, we remain strongly committed to corporate responsibility and sustainability across our global operations, from energy reduction to community involvement. By its nature, next-generation information technology and the work we do transforms the way people live, work, communicate and consume. In recognition of CSC's commitment to corporate citizenship and to finding better and more efficient ways of using energy and natural resources, CSC has been ranked number 13 in *Corporate Responsibility Magazine*'s 100 Best Corporate Citizens List.

It is also worth noting that our new headquarters building in Tysons, Virginia, is a modern, eco-friendly facility that furthers our commitment to sustainability and a healthy work environment.

On behalf of my fellow directors, I would like to offer well-deserved thanks to our clients, partners, employees and shareholders for their continued confidence and support of our aspiration to become the global leader in next-generation IT services and solutions.

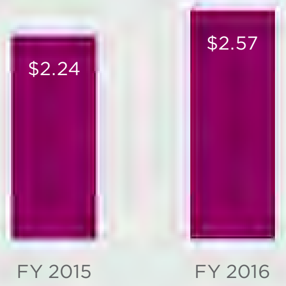
I would also like to thank our former board chairman Rodney Chase, who served CSC and our shareholders with great commitment and distinction for more than a decade, and acknowledge the additions of directors Dr. Mukesh Aghi, Herman Bulls, Peter Rutland and Robert F. Woods. CSC's Board is focused on achieving long-term performance and creating value for our stockholders through the prudent execution of our business strategies, risk management, strong corporate governance and top-quality talent and succession planning.

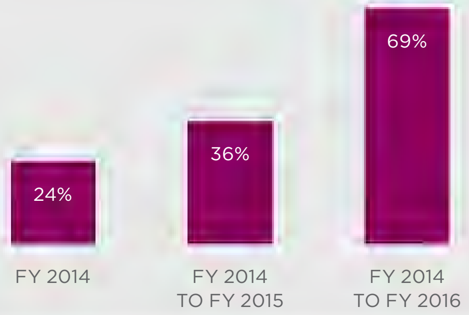
As we look toward fiscal year 2017, we see an unbelievable market opportunity ahead — the kind that only comes along once in a generation. By continuing to carve out our position as a leading provider of digitally integrated enterprise solutions, we will not only drive a positive shift in revenue and profits, we also will reinvigorate and reposition CSC's value proposition. We will continue to invest in our people and our next-generation services and solutions to create added value for our clients, partners, employees and shareholders.

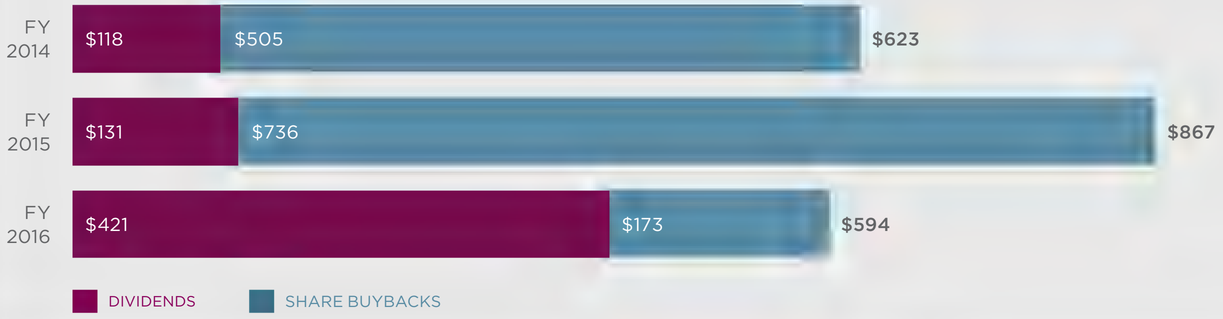
Thank you for your belief in and support of CSC.

MIKE LAWRIE
Chairman, President and Chief Executive Officer

Year in Review
Financials


NON-GAAP FULLY DILUTED EARNINGS PER SHARE (EPS) FROM CONTINUING OPERATIONS[1, 2]


CUMULATIVE TOTAL SHAREHOLDER RETURN


CAPITAL TO SHAREHOLDERS ($M)

[1] Please see non-GAAP reconciliation of EPS on page 26 and page 27 of the 10-K.

[2] On November 27, 2015, CSC completed the separation of CSRA whose assets and business primarily consist of those that CSC previously reported as its North American Public Sector (NPS) segment. CSC's 2015 EPS and 2016 EPS above reflect net income from continuing operations and exclude the operations and financial results of CSRA in those fiscal years.

Securing a **Leadership Position**

CSC is committed to being a top provider of next-generation solutions in the markets, industries and practice areas we serve. Through our acquisitions and joint venture with HCL, we are driving a positive shift in our revenue and profitability, reinvigorating our value proposition, and strengthening our next-generation offerings and workforce. Our people have the expertise it takes to lead our clients' digital transformations, giving us a firm foundation for growth and leadership as we go forward.

UXC
A CSC COMPANY

CSC's acquisition of UXC Limited created the largest independent IT services company in Australia. Together, CSC and UXC bring deep industry expertise in infrastructure and consulting services, as well as market-leading enterprise applications capabilities in ServiceNow, SAP, Oracle and Microsoft Dynamics.

Xchanging
A CSC COMPANY

CSC announced our intent to acquire Xchanging, a provider of technology-enabled business solutions to organizations in global insurance and financial services, healthcare, manufacturing, real estate and the public sector. This acquisition was finalized in May 2016. With Xchanging, CSC is the top provider of core insurance solutions globally, with market-leading insurance software, deep domain expertise in the London insurance market and a leading position in insurance and wealth management business process services.

fruition™
PARTNERS
A CSC COMPANY

CSC established a leadership position in the fast-growing Software-as-a-Service (SaaS) market with our acquisition of Fruition Partners, the leading provider of technology-enabled solutions for the service management sector and the largest ServiceNow-exclusive consulting firm. The acquisition gives our clients better, faster and more efficient service management capabilities across process, applications and infrastructure.

fixnetix
A CSC COMPANY

CSC's acquisition of Fixnetix, a leading provider of front-office managed trading solutions, advanced our leadership position in capital markets. With Fixnetix, CSC provides an expanded range of as-a-service capabilities and delivers greater efficiency and innovation in trading, market data, trading access, liquidity venue connectivity, pre-trade risk and execution management.

CeleritiFinTech
AN HCL CSC COMPANY

By forming CeleritiFinTech, a joint venture with HCL, CSC made a strategic commitment to become a leader in banking software and modernization services. Through advanced core banking platforms and services, CeleritiFinTech helps banks digitally transform, drive product innovation and differentiate the customer experience.

"Adding Fruition Partners to CSC is a sound strategic decision and underscores CSC's commitment to drive service management across the enterprise. We believe this combined business will accelerate the cloud-based service transformation opportunities for CSC's clients."

DAVID SCHNEIDER
Chief Revenue Officer, ServiceNow

Leading with
Our Next-Generation Offerings

CSC has streamlined our portfolio from 2,000 customized offerings into 15 families that comprise 200 modernized offerings. These offering families, linked to digital shifts in the market, help our clients better understand and benefit from the full strength of our digital transformation services and solutions.

Insurance

Healthcare and Life Sciences

Banking

Consulting

Digital Applications

Big Data and Analytics

Mobility and Social

Next-generation offerings launched in fiscal year 2016 improve the customer experience, increase business agility and lower costs. Examples include:

INSURANCE

We introduced our first offering in a new generation of cloud- and SaaS-native insurance systems that provides consumers with a customized user experience and delivers an API-based digital platform that can serve as the foundation for an insurer's entire digital engagement ecosystem.

HEALTHCARE AND LIFE SCIENCES

We launched a full-service Chronic Care Management (CCM) solution, the first of its type in the United States. The solution gives healthcare providers a simple, scalable and efficient technology-based approach to participate in the Centers for Medicare & Medicaid Services CCM program, focused on improving the quality of life for seniors with chronic conditions. In early 2016, Reliance ACO, a group of independent physicians in Michigan, became the first adopter.

BANKING

Through our CeleritiFinTech joint venture with HCL, we unveiled a flexible approach to modernize core banking, cards and payments systems that enables banks to minimize business disruption while charting a customized digital transformation roadmap.

JOURNEY TO THE DIGITAL ENTERPRISE

To make better and faster decisions — and improve productivity — today's most progressive businesses are using digital technologies to put highly contextualized information in the hands of their employees, partners and clients. This demand is forcing key shifts in how IT is delivered and how results are achieved, especially in light of rapidly changing regulatory controls and increasing information threats. CSC's Journey to the Digital Enterprise papers explore the impact of these shifts on both business and technology operations, and they provide suggestions for how enterprises can get started on their own digital journeys. Learn more at **csc.com/digital_enterprise**.

Cloud

Next-Gen Workplace

Cyber-security

Service Management

Next-Gen Networks

Next-Gen Data Center

LAN, Storage and Compute Platform

Fixnetix Low-Latency Infrastructure

DIGITAL APPLICATIONS

We advanced digital applications through targeted acquisitions, created the largest ServiceNow integration capability worldwide, and expanded our Microsoft practice and ITAR-compliant specialty application services.

BIG DATA AND ANALYTICS

We introduced new security controls to CSC Big Data Platform as a Service™, a fully integrated and managed environment for developing and deploying big data and analytics applications — making it one of the first open-source big data tools to offer built-in, multilevel security.

CLOUD

We launched the hyper-converged CSC BizCloud™ HC, a private cloud that supports both software-defined data center and open-source approaches to Infrastructure as a Service, integrated with CSC Agility Platform™, enabling clients to centrally manage all aspects of private, public and hybrid cloud workloads.

Leading with
Our Partner Ecosystem

CSC continued to collaborate with our community of alliances to bring transformative solutions to our clients. Highlights include:

- Through joint development efforts with SAP and Lenovo, we established a first-mover position in cybersecurity with a risk assessment boardroom solution that proactively notifies the C-suite of threat conditions.
- With Microsoft and AT&T, we brokered a broad client engagement that includes network, cloud and workplace modernization.
- Teaming with AT&T and EMC, we performed data center and platform optimization for a client that resulted in more than $50 million in savings, lowering operating costs while improving security and compliance.
- In several multi-alliance client solutions with Amazon Web Services and Oracle, we combined our IP to create implementations across the insurance and healthcare and life sciences industries.
- For 2015 we were recognized by EMC as its Americas Alliances Partner of the Year for the second consecutive year and also were honored as its Global Strategic Outsourcer Partner of the Year.
- We received Oracle's UK 2016 Specialized Partner of the Year — Engineered Systems award.

GLOBAL STRATEGIC ALLIANCES

amazon web services

AT&T

EMC²

HCL

Microsoft

HITACHI
Inspire the Next

servicenow

IBM

SAP Global Partner

ORACLE

salesforce

Lenovo

workday.

100+

alliances with leading technology companies

OUTPERFORM

RECIPIENT OF THE GLOBAL PARTNER OF THE YEAR AWARD FROM HITACHI DATA SYSTEMS

"Today's fast-paced, highly competitive marketplace represents tremendous opportunities for those organizations willing to transform their business and those that are able to help others transform. With an aligned and strategic focus on digital transformation, Hitachi Data Systems and CSC are both. Together, we will continue to help more organizations realize the power of their data, making digital transformation a reality for more organizations across the globe."

MIKE WALKEY
Senior Vice President, Global Partners
and Alliances Organization,
Hitachi Data Systems

Leading with **Our Clients**

As our clients worldwide look for guidance and innovation to compete in the new digital marketplace, CSC is helping them harness IT to improve and digitize their business.

METROPOLITAN
POLICE

CREATING A DIGITAL WORKPLACE | Metropolitan Police Service

To realize its ambition of becoming a truly mobile digital police service, London's Metropolitan Police Service (MPS) turned to CSC for help with IT transformation. CSC is working with the MPS to refresh, renew and replace a range of IT services and devices to ensure that police and support staff have access to information 24x7, wherever and however they need it. CSC is helping create this digital policing workplace through CSC MyWorkStyle™, an as-a-service, next-generation end user solution. The services CSC is delivering include desktop, virtual desktop, mobility, tablet services, email, collaboration, instant messaging, Web meetings, remote support and desk-side support.

INCREASING AGILITY WITH CLOUD | Zurich Insurance Group

A global insurer operating in more than 170 countries, Zurich Insurance Group has been working with CSC to move from traditional data center outsourcing to a Platform-as-a-Service model. Zurich has already moved many workloads to CSC's secure and scalable hyper-converged private cloud, CSC BizCloud™ HC, which was developed with partners VMware, Dell and Arista. Zurich also uses CSC Agility Platform™ for hybrid cloud management and future-proofing of its applications for deployment on any cloud — public or private — with the potential to use CSC partners such as Amazon Web Services. The lead time for provisioning workloads dropped to 48 hours, operating costs fell by 30 percent, and Zurich is moving to agile DevOps practices that support innovative applications and differentiated insurance offerings.

SUPPORTING DIGITAL TRANSFORMATION | BlueScope Steel

Increased competition and fluctuations in the construction market prompted Melbourne, Australia-based BlueScope Steel to look toward digital transformation of its four businesses. CSC has been at the forefront of managing and modernizing BlueScope's application portfolio, and in 2015 the two companies entered into an expanded agreement to enable an end-to-end IT-as-a-Service environment, including the provision of CSC's next-generation offerings. CSC is expanding application support services for BlueScope, including enterprise resource planning and big data, as well as service desk, workplace, network, cybersecurity and platform support services leveraging CSC BizCloud™, a private cloud solution.

ENABLING SPEED TO MARKET | PNC Financial Services Group

To accommodate growth in its business, PNC Financial Services Group, a top 10 U.S. bank, turned to CSC to transform its data centers with an enterprise cloud–based model. CSC worked with partners EMC, Hitachi Data Systems and VMware to establish an agile environment that allows PNC to adapt more readily to changing business conditions. The new model offers a true competitive advantage as the bank focuses on speed to market. The Fruition Partners team is extending CSC's relationship and helping PNC advance its IT service management by providing a range of ServiceNow services.

TRANSPORTING MOBILITY TO THE NEXT LEVEL | National Society of French Railways (SNCF)

Since 2009, the National Society of French Railways (SNCF), France's state-owned railway company, has worked with CSC to develop mobile apps to help 15,000 train drivers stay on top of every task — from workday planning and operations to completion of daily activity reports. SNCF's first Sirius app was a smartphone solution. But with a new generation of technologies, including tablets, coming into play, CSC and SNCF recently modernized the app, incorporating major ergonomic innovations: Sirius NG continues SNCF's move to a paperless environment, while making a quantum leap in terms of user experience.

STREAMLINING PATIENT CARE | Danish Regions

Until recently, Danish ambulance crews relied on pen and paper to record patients' vital signs and communicated with the hospital by telephone. That has changed with the implementation of Pre-hospital Patient Journal (PPJ), a digital tool for recording and communicating patient conditions from the very first meeting. With the PPJ, an ambulance team can communicate directly with doctors and nurses at the hospital and access medical records from the field. The project, which was designed, integrated and delivered by CSC, has been adopted throughout Denmark and is saving time and lives.

IMPROVING THE DIGITAL EXPERIENCE | Western National Insurance

As the primary reason customers contact Western National Insurance, billing isn't just a peripheral administrative function: It sits at the core of the company's interactions with its customers across much of the United States. With customers asking for more convenient, flexible payment services, Western National chose CSC's Premium Billing 360° (PB360°) as the cornerstone for improving its digital experience with customers. PB360°, which can be delivered as a cloud service or installed on premises, is designed not just for resolving customer service queries, but also for helping to anticipate customer interactions — directly supporting Western National's goal of differentiating through the customer experience.

2,500

clients in 60+ countries

Leading with **Our People**

CSC implemented strategic HR programs to fundamentally alter the composition of our workforce to meet market demands and client needs. We are investing in our most important asset — our people — to put them at the forefront of the digital transformation journey with next-generation skills. Among our many accomplishments, we:

- Deployed a best-in-class Workforce Management Program, hiring 10,000+ new employees with next-gen skills
- Enabled employees to complete nearly 1 million hours of training via CSC University
- Launched training, accreditation and certification programs on partner technologies such as Amazon Web Services (3,350 employees) and IBM Bluemix (700 employees)
- Recognized eight new CSC Distinguished Engineers and CSC Distinguished Architects for their thought leadership and contributions in driving innovation
- Sponsored seven Employee Resource Groups that provide learning, mentoring, career development and community involvement opportunities to CSC's global workforce

NEXT-GEN INNOVATION

CSC Awards for Technical Excellence recognize our people for leadership, innovation and technology expertise that deliver extraordinary results for our clients and advance next-gen technologies. In fiscal year 2016, CSC honored teams that:

- Created a complete ecosystem for a full life and property and casualty insurance business, enabling new companies to enter the insurance business quickly and existing companies to evolve toward a next-gen solution
- Developed an Android-native mobile flight ticket booking and management app for customers that strengthens the market position of an airline industry leader
- Built a cybersecurity automation solution that allows a major entertainment and media company to provide a more secure environment for online content and live TV events

Learn more at **csc.com/awardforexcellence**.

Seelan Nayagam, Vice President and General Manager, Australia and New Zealand Region, welcomes UXC employees to CSC

Reaffirming
Our Values

With the launch of CSC as a pure-play IT services leader, we have renewed our commitment to our growth goals and the fundamental CLEAR Values we share as a global team:

C

CLIENT FOCUSED

Our success derives from a deep understanding of our clients, to whom all of CSC is committed to deliver exceptional service and value.

L

LEADERSHIP

We lead from the front, displaying our integrity and using facts to support our straight talk. We create an environment for positive change built on collaboration and trust.

E

EXECUTION EXCELLENCE

We insist on excellence in all we do for clients and ourselves, striving always for recognition among the leaders in our industry.

A

ASPIRATION

We aspire individually and collectively to be more tomorrow than we are today.

R

RESULTS

We accept individual responsibility for our commitments and expect to be accountable for results.

"As ever, we are guided by our CLEAR Values. And, as part of our continued focus on business growth and performance excellence, we remain strongly committed to corporate responsibility and sustainability across our global operations, from energy reduction to community involvement. By its nature, next-generation information technology and the work we do transforms the way people live, work, communicate and consume. In recognition of CSC's commitment to corporate citizenship and to finding better and more efficient ways of using energy and natural resources, CSC has been ranked number 13 in *Corporate Responsibility Magazine*'s 100 Best Corporate Citizens List."

MIKE LAWRIE
Chairman, President and Chief Executive Officer

CR's
100 Best Corporate Citizens
2016

55+ years of service excellence

Shareholder **Information**

STOCK INFORMATION

Common Stock Symbol: CSC, listed and traded on the New York Stock Exchange (NYSE). Shares of common stock outstanding were 138,523,516 shares as of May 13, 2016. There were 5,548 Shareholders of Record as of May 13, 2016.

TRANSFER AGENT AND REGISTRAR

All inquiries concerning registered shareholder accounts and stock transfer matters, including address changes and consolidation of multiple accounts, should be directed to Computershare, CSC's transfer agent and registrar.

Shareholder correspondence should be mailed to:

Regular mail:
Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078

First class, registered and certified mail:
Computershare Shareholder Services
P.O. Box 30170
College Station, TX 77842

www.computershare.com/investor

By phone:
1.800.676.0654 (U.S. Domestic)
1.201.680.6578 (International)

FINANCIAL COMMUNITY INFORMATION

Institutional and individual investors, financial analysts, and portfolio managers should contact:

Neil DeSilva
CSC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
1.703.245.9668
1.800.542.3070
investorrelations@csc.com

Written requests, including requests for Company filings with the U.S. Securities and Exchange Commission (SEC), should be directed to:

CSC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
investorrelations@csc.com

To enroll for electronic delivery of CSC's Proxy Statement, Annual Report and other materials, log on to:
https://enroll.icsdelivery.com/csc/Default.aspx

COMPANY WEBSITE

Additional CSC information is available at www.csc.com, including all of the documents the Company files with or furnishes to the SEC, which are available free of charge.

CERTIFICATIONS

The Company has included as Exhibits 31.1, 31.2, 32.1 and 32.2 to its Annual Report on Form 10-K for fiscal year 2016 filed with the SEC, certificates of CSC's Chief Executive Officer and Chief Financial Officer certifying the quality of the Company's public disclosure. The Chief Executive Officer has also submitted to the NYSE a certificate certifying that he is not aware of any violations by CSC of the NYSE Corporate Governance Listing Standards.

ANNUAL MEETING

The 2016 Annual Meeting of Stockholders will be held on Wednesday, August 10, 2016, at 10:30 a.m. Eastern Time, and will be a virtual meeting conducted via live webcast. Attend the meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/CSC. To participate, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompany your proxy materials.

DIVIDEND POLICY

The Company instituted a regular quarterly dividend policy in fiscal year 2011.

INDEPENDENT AUDITORS

Deloitte & Touche LLP
7900 Tysons One Place, Suite 800
McLean, VA 22102

2016 Board of Directors and **Officers of the Company**

BOARD OF DIRECTORS

J. Michael Lawrie, member ex-officio [1, 2, 3]
Chairman, President and Chief Executive Officer
CSC

Mukesh Aghi [2, 3]
President
U.S.–India Business Council

Herman E. Bulls [3]
Vice Chairman, Americas
JLL

Bruce B. Churchill* [3]
Former Executive Vice President
DIRECTV

Mark Foster [2]
Former Group Chief Executive, Management Consulting
Accenture plc.

Sachin Lawande [2]
President and Chief Executive Officer
Visteon Corporation

Brian P. MacDonald [1]
President and Chief Executive Officer
CDK Global, Inc.

Peter Rutland [1]
Partner and Global Co-Head of Financial Services
CVC Capital Partners Limited

Robert F. Woods [1]
Former Senior Vice President and Chief Financial Officer
SunGard Data Systems, Inc.

COMMITTEE MEMBERSHIPS

1. Audit 2. Compensation 3. Nominating/Corporate Governance

* Lead Independent Director

EXECUTIVE OFFICERS

J. Michael Lawrie
Chairman, President and Chief Executive Officer

Paul N. Saleh
Executive Vice President and Chief Financial Officer

William L. Deckelman Jr.
Executive Vice President, General Counsel and Secretary

Stephen Hilton
Executive Vice President and General Manager,
Global Infrastructure Services

James R. Smith
Executive Vice President and General Manager,
Global Business Services

Additional Information and **Where to Find It**

In connection with the proposed transaction, Everett SpinCo, Inc., a wholly-owned subsidiary of Hewlett Packard Enterprise created for the transaction ("Spinco"), will file with the SEC a registration statement on Form S-4/S-1 containing a prospectus and CSC will file with the SEC a proxy statement on Schedule 14A and a registration statement on Form S-4 containing a prospectus. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THE REGISTRATION STATEMENTS/PROSPECTUSES AND PROXY STATEMENT WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PARTIES AND THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the prospectuses and proxy statement (when available) and other documents filed with the SEC by CSC, Hewlett Packard Enterprise and Spinco at the SEC's web site at http://www.sec.gov. Free copies of these documents, once available, and each of the companies' other filings with the SEC, may also be obtained from CSC's web site at www.csc.com.

This communication is not a solicitation of a proxy from any investor or security holder. However, CSC, Hewlett Packard Enterprise, and certain of their respective directors, executive officers and other members of management and employees, may be deemed to be participants in the solicitation of proxies from stockholders of CSC in respect of the proposed transaction under the rules of the SEC. Information regarding CSC's directors and executive officers is available in CSC's 2015 Annual Report on Form 10-K filed with the SEC on June 8, 2015, and in its definitive proxy statement for its annual meeting of stockholders filed on June 26, 2015. Information regarding Hewlett Packard Enterprise's directors and executive officers is available in Hewlett Packard Enterprise's 2015 Annual Report on Form 10-K filed with the SEC on December 17, 2015, and in its definitive proxy statement for its annual meeting of stockholders filed on February 12, 2016. These documents as well as other documents filed by CSC, Hewlett Packard Enterprise or Spinco with the SEC can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the registration statements, prospectuses and proxy statement and other relevant materials to be filed with the SEC when they become available.

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

All statements in this presentation that do not directly and exclusively relate to historical facts constitute "forward-looking statements." These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, many of which are outside the Company's control. Many factors could cause actual results to differ materially from such forward-looking statements with respect to the transaction announced above including risks relating to the completion of the transaction on anticipated timing, including obtaining shareholder and regulatory approvals, anticipated tax treatment, unforeseen liabilities, future capital expenditures, inability to achieve expected synergies, loss of revenues, delay or business disruption caused by difficulties in integrating the businesses of CSC and Enterprise Services. For a written description of risk factors that could cause actual results in CSC's business to differ materially from forward looking statements regarding those matters, see the section titled "Risk Factors" in CSC's Form 10-K for the fiscal year ended April 1, 2016 and any updating information in subsequent SEC filings. The Company disclaims any intention or obligation to update these forward-looking statements whether as a result of subsequent event or otherwise, except as required by law.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended April 1, 2016

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	**95-2043126**
(State of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1775 Tysons Boulevard	
Tysons, Virginia	**22102**
(Address of principal executive offices)	**(zip code)**

Registrant's telephone number, including area code: (703) 876-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered**
Common Stock, $1.00 par value per share	**New York Stock Exchange**
Preferred Stock Purchase Rights	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. □ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. □ Yes ☒ No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes □ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or a smaller reporting company.

Large accelerated filer ☒ Accelerated filer □ Non-accelerated filer □ Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). □ Yes ☒ No

As of October 2, 2015, the aggregate market value of stock held by non-affiliates of the Registrant was approximately $8,609,679,934.

There were 138,523,516 shares of the Registrant’s common stock outstanding as of May 13, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days after April 1, 2016, are incorporated by reference into Part III hereof.

TABLE OF CONTENTS

Item		Page
	PART I	
1.	Business	1
1A.	Risk Factors	7
1B.	Unresolved Staff Comments	14
2.	Properties	15
3.	Legal Proceedings	16
4.	Mine Safety Disclosures	16
	PART II	
5.	Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	17
6.	Selected Financial Data	20
7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
7A.	Quantitative and Qualitative Disclosures about Market Risk	50
8.	Financial Statements and Supplementary Data	52
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	133
9A.	Controls and Procedures	133
9B.	Other Information	138
	PART III	
10.	Directors, Executive Officers and Corporate Governance	139
11.	Executive Compensation	139
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	140
13.	Certain Relationships and Related Transactions, and Director Independence	140
14.	Principal Accountant Fees and Services	140
	PART IV	
15.	Exhibits, Financial Statement Schedules	140

PART I

Item 1. Business

INTRODUCTION AND HISTORY

General

Computer Sciences Corporation (CSC, the Company, we, our, us), is a next-generation global provider of information technology (IT) services and solutions. CSC helps lead its clients through their digital transformations to meet new business demands and customer expectations in a market of escalating complexity, interconnectivity, mobility, and opportunity.

On November 27, 2015, the Company completed the previously announced separation of CSRA Inc. (CSRA) (the Separation) and accelerated its transformation. CSC is creating an industry-leading organization focused on streamlined offerings to address market shifts and client needs while leveraging its partnership ecosystem. CSRA's assets and business primarily consist of those that the Company previously reported as its North American Public Sector (NPS) segment. Under the terms of the Separation agreement, on November 27, 2015, stockholders who held CSC common stock at the close of business on November 18, 2015 (the Record Date), received a distribution of one CSRA common share for every one share of CSC common stock. As a result of the Separation, CSRA is now an independent public company trading under the symbol "CSRA" on the New York Stock Exchange.

On May 24, 2016 we announced that our Board of Directors unanimously approved entering into an agreement to merge CSC with the Enterprise Services segment of Hewlett Packard Enterprise (HPE) other than certain excluded portions. The merger is expected to be completed by the end of March 2017, subject to shareholder and regulatory reviews and approvals. Following the transaction, CSC and HPE shareholders will each own approximately 50 percent of the new company’s shares. The transaction is intended to be tax-free to CSC and HPE and their respective shareholders for federal income tax purposes. We believe the merger should not adversely affect the tax treatment of the Separation.

CSC’s strategy is to lead our clients on their digital journey with a new generation of offerings by leveraging partners, industry IP and domain expertise across the globe. We strive to be a trusted IT partner through providing next-generation IT services which include applications modernization, cloud infrastructure, cyber security, big data and mobility. Current and prospective clients are changing how they buy and consume IT services. Clients are looking for greater operational agility from their IT services and they are looking to benefit from the insights provided by mobility, social media, and big data analytics. At the same time, they continue to seek significant cost reductions by migrating from traditional IT infrastructure to the cloud.
This change in client preferences is creating a market opportunity for CSC. The Company is responding by assembling key assets and forming strategic partnerships with technology leaders. CSC has built a highly secure, flexible, private cloud infrastructure offering BizCloud for our clients.

CSC has developed global alliances to enhance cloud infrastructure, specialized consulting and applications expertise with AT&T’s highly secure network and cloud infrastructure platform to help global businesses move more quickly to the cloud. Through this alliance, CSC can assist in reducing capital intensity and create the global scale necessary to run modernized application workloads. CSC acquired one of the leading providers of enterprise cloud management software, ServiceMesh, to facilitate the orchestration of enterprise applications across multi-vendor hybrid clouds including Amazon Web Services, VMware and Microsoft. Additionally, ServiceMesh provides our clients with advanced capabilities such as tiered service levels, different levels of security, self-service options, governance, policy and real-time monitoring. CSC is also creating a Cloud Center of Excellence using services from Amazon, to accelerate the development of cloud solutions for enterprise and public sector customers.

CSC’s strategic partnership with HCL Technologies (HCL) aims to create a world-class application modernization delivery network. The Company expects to offer our commercial customers a global footprint of delivery capabilities for modernizing their legacy applications and moving them to the cloud. HCL and CSC will also jointly create a Banking Center of Excellence to accelerate and expand our core banking and card services solutions by leveraging our global banking expertise which includes CSC’s Hogan and Celeriti offerings.

The Company's mission is to enable superior returns on our clients' technology investments through best-in-class vertical industry solutions, domain expertise, strategic partnerships with key technology leaders and global scale. CSC generally does not operate through exclusive agreements with hardware or software providers and believes this independence enables the Company to better identify and manage solutions specifically tailored to each client's needs.

CSC's service contracts vary in duration, scope, terms and conditions. CSC's contracts typically contain provisions by which customers may terminate the contract prior to completion, though such instances are infrequent due to the differentiated services provided, complex transition of personnel, assets, methodologies and processes involved. If a contract is terminated early for convenience, the Company seeks to recover tangible assets, investments and other intangible assets through stated contract terms or negotiation. If a contract is terminated early due to CSC's default, the Company may have additional liability and its ability to compete for future business with that customer could also be adversely impacted. See Risk Factor number 16 under Item 1A "Risk Factors" in this Annual Report for further discussion.

CSC was founded in 1959 and incorporated in the state of Nevada and is listed on the New York Stock Exchange under the symbol "CSC."

Services and Sectors

The Company's reportable segments are Global Business Services (GBS) and Global Infrastructure Services (GIS). Geographically, CSC has significant operations throughout North America, Europe, Asia and Australia. Segment and geographic information is included in Note 19 of the Notes to the Consolidated Financial Statements, in Part II, Item 8 of this Annual Report. For a discussion of risks associated with our foreign operations, see Risk Factor number 11 under Item 1A "Risk Factors," in this Annual Report.

GBS

GBS provides innovative technology solutions including consulting, applications services, and software, which address key business challenges within the customer's industry. GBS strives to help clients understand and exploit industry trends of IT modernization and virtualization of the IT portfolio (hardware, software, networking, storage and computing assets). GBS has four primary growth areas: end-to-end applications services, consulting services, big data services, and industry aligned next-generation software and solutions. Applications services optimize and modernize clients' business and technical environments, enabling clients to capitalize on emerging services such as cloud, mobility, and big data within new commercial models such as the "as a Service" and digital economies. The consulting services business helps organizations innovate, transform, and create sustainable competitive advantage through a combination of industry, business process, technology, systems integration and change management expertise. The industry aligned next-generation software and solutions growth is focused in the insurance, banking, healthcare and life sciences, manufacturing and other diversified industries. Activities are primarily related to vertical alignment of software solutions and process-based intellectual property that power mission-critical transaction engines. Key competitive differentiators for GBS include its global scale, solution objectivity, depth of industry expertise, strong partnerships, vendor and product independence and end-to-end solutions and capabilities. Changing business issues such as globalization, fast-developing economies, government regulation, and growing concerns around risk, security, and compliance drive demand for these GBS offerings.

GIS

GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data center management, cyber security, compute and managed storage solutions to commercial clients globally. GIS also delivers CSC's next-generation cloud offerings, including Infrastructure as a Service (IaaS), private cloud solutions, CloudMail and Storage as a Service. GIS provides a portfolio of standard offerings that have predictable outcomes and measurable results while reducing business risk and operational costs for clients. To provide clients with differentiated offerings, GIS maintains a select number of key alliance partners to make investments in developing unique offerings and go-to-market strategies. This collaboration helps CSC determine the best technology, road map and opportunities to differentiate solutions, expand market reach, augment capabilities, and jointly deliver impactful solutions. GIS seeks to capitalize on the emerging market trend with a rebundled IT portfolio of virtualized infrastructure.

During the last three fiscal years, the Company's revenue mix by line of business was as follows:

	2016	2015	2014
Global Business Services	51%	50%	49%
Global Infrastructure Services	49	50	51
Total Revenue	100%	100%	100%

Fiscal 2016 Overview

Total revenue of $7.1 billion decreased by 12.5% year over year, reflecting certain trends in its commercial infrastructure outsourcing business, the repositioning of its consulting business, and the impact of restructured contracts and price-downs.

Overall market demand for IT services was in transition in fiscal 2016 as organizations sought to use technology to improve enterprise efficiency, agility and productivity. In response to this transition, the Company expanded its sales force and invested in sales tools, next-generation offerings, internal systems and workforce optimization. During fiscal 2016, GBS contract awards were $4.3 billion as compared to $4.7 billion in the prior fiscal year. GIS contract awards were $4.3 billion in fiscal 2016 as compared to $4.1 billion in the prior fiscal year. Due to the general industry decline in the number and total value of large contract awards valued at more than $100 million, the Company is targeting smaller contract awards of $100 million or less.

Acquisitions and Divestitures

Acquisitions

During the fourth quarter of fiscal 2016, CSC acquired UXC Limited (UXC), an Australian publicly owned IT services company who is a leading provider of enterprise application capabilities, for total purchase consideration of $289 million (net of cash acquired of $13 million). The acquisition further advances CSC's process of rebalancing its offering portfolio, strengthens CSC's next-generation delivery model, and expands its client base among mid-sized enterprises. UXC has components in both the Company's GBS and GIS segments.

During the third quarter of fiscal 2016, CSC acquired Axon Puerto Rico, Inc. (Axon), an ITAR-compliant provider of enterprise application and infrastructure managed services to aerospace and defense, and other commercial industries. Axon is a component of the Company's GBS segment.

During the second quarter of fiscal 2016, CSC acquired Fixnetix, Limited (Fixnetix), a privately held provider of front-office managed trading solutions for capital markets, for total estimated purchase consideration of $112 million (net of $1 million of cash acquired). This acquisition enhances CSC's ability to offer capital market clients an expanded range of as-a-service front office capabilities and address growing demand for greater efficiency and innovation in trading, market data, hosting, infrastructure, connectivity and risk management. Fixnetix is a component of the Company's GIS segment.

During the second quarter of fiscal 2016, CSC also acquired Fruition Partners (Fruition), a privately-held company that is a leading provider of technology-enabled solutions for the service management sector and the largest exclusively ServiceNow-focused service management consulting firm, for cash consideration of $148 million (net of cash acquired of $2 million). The acquisition bolsters CSC's ability to offer enterprise and emerging clients an expanded range of cloud-based service-management solutions to improve their business through organizational efficiency and lower operating costs, and is a component of the Company's GBS segment.

Subsequent to fiscal 2016, the Company completed the previously announced acquisition of Xchanging plc (Xchanging) for total consideration of approximately $633 million. Xchanging provides technology-enabled business solutions to organizations in global insurance and financial services, healthcare, real estate and the public sector.

During fiscal 2015, CSC acquired Autonomic Resources, LLC (Autonomic), and a privately held entity. Autonomic and the privately held entity were components of the Company's former NPS segment which was separated from CSC during the third quarter of fiscal 2016.

During fiscal 2014, CSC acquired ServiceMesh Inc., a privately-held enterprise cloud services management company with operations in the United States, Australia and the United Kingdom, for total purchase consideration of $282 million. The acquisition enhances CSC's ability to assist its clients in migrating their applications into cloud computing environments and to automate the deployment and management of enterprise applications and platforms across private, public and hybrid cloud environments. ServiceMesh is a component of the Company's GIS segment.

Additionally, during fiscal 2014, CSC acquired Infochimps, Inc. complementing CSC's existing Big Data business by providing a flexible, scalable, platform-as-a-service offering.

Divestitures

During the third quarter of fiscal 2016, CSC completed the Separation of CSRA. Under the terms of the Separation agreements, on November 27, 2015, stockholders who held CSC common stock at the Record Date received a distribution of one CSRA common share for every one share of CSC common stock. As a result of the Separation, CSRA is now an independent public company trading under the symbol "CSRA" on the New York Stock Exchange. The historical results of CSRA have been adjusted to present as discontinued operations consistent with fiscal year 2016 presentation in the Company's Consolidated Statements of Operations.

Additionally, during fiscal 2016, 2015 and 2014, the Company divested certain non-core businesses as a part of its service portfolio optimization initiative to focus on next-generation technology services. Certain of the divestitures met the criteria for presentation as discontinued operations, and consequently, their historical results have been presented as discontinued operations in the Company's Consolidated Statements of Operations.

During the first quarter of fiscal 2016, CSC divested its wholly-owned subsidiary, Welkin Associates Limited (Welkin) to a strategic investor. The Welkin business was part of the NPS segment. At the time of disposition, the divestiture did not qualify to be presented as discontinued operations. Subsequent to the disposition of Welkin, CSC completed the Separation, which included the operating results of the Welkin business as discontinued operations.

During the second quarter of fiscal 2015, CSC completed the sale of a German software business to a strategic investor. The historical results of this business have been presented as discontinued operations in the Company's Consolidated Statements of Operations.

During the second quarter of fiscal 2014, CSC completed the sale of its base operations, aviation and ranges services business unit, Applied Technology Division (ATD) within its NPS Segment, to a strategic investor for cash consideration of $178 million plus a net working capital adjustment receivable of $6 million. The pre-tax gain on disposal was $77 million, representing the excess of the sale price over the carrying value of the net assets of the divested business, less transaction costs, and is presented as discontinued operations in the Company's Consolidated Statements of Operations.

Additionally, during the first quarter of fiscal 2014, CSC completed the divestiture of its flood insurance-related business process outsourcing practice, within CSC's GBS segment, to a financial investor for cash consideration of $43 million plus a net working capital adjustment receivable of $4 million. The pre-tax gain on disposal was $25 million, representing the excess of the net proceeds over the carrying value of the net assets of the divested business and the related transaction costs, and is presented as discontinued operations in the Company's Consolidated Statements of Operations.

For further discussion of these acquisitions and divestitures, see Notes 3 and 4 of the Notes to the Company's Consolidated Financial Statements.

Competition

The IT and professional services markets in which CSC competes are not dominated by a single company or a small number of companies. A substantial number of companies offer services that overlap and are competitive with those offered by CSC. In addition, the increased importance of offshore labor centers has brought a number of foreign-based firms into competition with CSC. Offshore IT outsourcers selling directly to end-users have captured an increasing share of the market as they compete directly with U.S. domestic suppliers of these services. The Company continues to increase resources in offshore locations to mitigate this market development.

More recently, the accelerating demand for multi-tenant infrastructure services, commonly referred to as cloud computing offerings, is continuing to alter the landscape of competition. New entrants to our markets are offering service models that change the decision criteria and contracting expectations of our target customers. Amazon Web Services, for example, has emerged as a strong competitor in cloud computing, and other major competitors in this area include large and well-funded technology companies that are increasingly using social, mobile, analytics and cloud technologies to create agile new business models. Smaller and more nimble companies also continue to enter and disrupt markets with innovations in cloud computing and other areas which could emerge as significant competitors to CSC.

The Company has responded to these changing market conditions with new capabilities, partnerships and offerings that are intended to position CSC favorably in high-growth markets for next-generation IT services and solutions. For example, CSC's acquisition of UXC strengthened the Company's next-generation delivery model, and CSC's acquisition of ServiceMesh allowed the Company to deliver new offerings with partners like VMware and Microsoft and to integrate with other cloud computing providers. CSC also expanded its range of cloud-based service-management solutions through the Company's acquisition of Fruition. The addition of big data service provider Infochimps, Inc. allowed for advanced analytics delivered as a service to customers. The Company’s strategic partnerships with AT&T and HCL Technologies similarly enable expanded cloud, applications modernization and other next-generation technology services.

CSC’s ability to obtain new business and retain existing business is dependent upon its ability to offer improved strategic concepts and technical solutions, better value, a quicker response, increased flexibility, superior quality, a higher level of experience, or a combination of these factors. In the opinion of the Company’s management, CSC’s lines of business are positioned to compete effectively in the GBS and GIS markets based on its technology and systems expertise and large project management skills. CSC management believes that its competitive position is enhanced by the full spectrum of IT and professional services it provides, including consulting, software and systems design, implementation and integration, IT and business process outsourcing, and technical services delivered to a broad commercial customer base.

Employees

The Company has offices worldwide, and as of April 1, 2016, had approximately 59,000 employees in more than 60 countries. As a result of the Xchanging acquisition in May 2016 we added an additional 7,000 employees. The services provided by CSC require proficiency in many fields, comprising but not limited to computer sciences, programming, telecommunications networks, mathematics, physics, engineering, astronomy, geology, operations, research, finance, economics, statistics and business administration.

U.S. Securities and Exchange Commission Reports

All of the Company’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, and other materials required to be filed with or furnished to the U.S. Securities and Exchange Commission (SEC), are available free of charge through the Company’s Internet website, www.csc.com, or through the CSC Investor Relations Office at 1-703-245-9700. The content on any website referred to in this Annual Report on Form 10-K is not incorporated by reference into this report, unless expressly noted otherwise. As soon as reasonably practical after the Company has electronically filed such material with or furnished it to the SEC, these items can be read and copied at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. Periodic reports, proxy statements, information statements, and other information filed with or furnished by the Company to the SEC are available on the SEC’s website, www.sec.gov, or by calling the SEC at 1-800-SEC-0330 (1-800-732-0330).

Forward-looking and Cautionary Statements

All statements and assumptions contained in this Annual Report and in the documents attached or incorporated by reference that do not directly and exclusively relate to historical facts constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements represent current expectations and beliefs of CSC, and no assurance can be given that the results described in such statements will be achieved.

Forward-looking information contained in these statements include, among other things, statements with respect to CSC's financial condition, results of operations, cash flows, business strategies, operating efficiencies or synergies, competitive position, growth opportunities, plans and objectives of management, and other matters. Such statements are subject to numerous assumptions, risks, uncertainties and other factors, many of which are outside of CSC's control, which could cause actual results to differ materially from the results described in such statements. These factors include without limitation those listed below under Item 1A. "Risk Factors" in this Annual Report.

Forward-looking statements in this Annual Report speak only as of the date of this Annual Report, and forward-looking statements in documents attached or incorporated by reference speak only as of the date of those documents. CSC does 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 Annual Report or to reflect the occurrence of unanticipated events, except as required by law.

Many factors could cause actual results to differ materially from such forward-looking statements with respect to the agreement to merge CSC with the Enterprise Services segment of HPE including risks relating to the completion of the transaction on anticipated timing, including obtaining shareholder and regulatory approvals, anticipated tax treatment, unforeseen liabilities, future capital expenditures, inability to achieve expected synergies, loss of revenues, and delay or business disruption caused by difficulties in integrating the businesses of CSC and Enterprise Services.

Executive Officers of the Registrant

Name	Age	Year First Elected as an Officer	Term as an Officer	Position Held With the Registrant as of the filing date	Family Relationship
J. Michael Lawrie	62	2012	Indefinite	Chairman, President and Chief Executive Officer	None
Paul N. Saleh	59	2012	Indefinite	Executive Vice President and Chief Financial Officer	None
William L. Deckelman, Jr.	58	2008	Indefinite	Executive Vice President, General Counsel and Secretary	None
Stephen Hilton	46	2015	Indefinite	Executive Vice President and General Manager, Global Infrastructure Services	None
James R. Smith	49	2013	Indefinite	Executive Vice President and General Manager, Global Business Services	None

Business Experience of Executive Officers

J. Michael Lawrie joined CSC as President and Chief Executive Officer on March 19, 2012 and as a member of its Board of Directors in February 2012. On December 15, 2015, Mr. Lawrie was appointed chairman of the board of directors. Prior to joining CSC, he served as the Chief Executive Officer of U.K.-based Misys plc, a leading global IT solutions provider to the financial services industry, from November 2006 to March 2012. Mr. Lawrie also served as the Executive Chairman of Allscripts-Misys Healthcare Solutions, Inc., from October 2008 to August 2010. From 2005 to 2006, Mr. Lawrie was a general partner with ValueAct Capital, a San Francisco-based private investment firm. He also served as Chief Executive Officer of Siebel Systems, Inc., an international software and solutions company, from 2004 to 2005. Mr. Lawrie also spent 27 years with IBM where he rose to Senior Vice President and Group Executive, responsible for sales and distribution of all IBM products and services worldwide. From 1998 to 2001, Mr. Lawrie was General Manager for IBM's business in Europe, the Middle East and Africa, which included operations in 124 countries and 90,000 employees. Prior to that, Mr. Lawrie served as General Manager of Industries for IBM's business operations in Asia Pacific, based in Tokyo. Mr. Lawrie is a Trustee of Drexel University, Philadelphia.

Paul N. Saleh joined CSC as Vice President and Chief Financial Officer on May 23, 2012. His current CSC job title is Executive Vice President and Chief Financial Officer. On March 16, 2016, Mr. Saleh was appointed as CSC's principal accounting officer until a new corporate controller is appointed. Prior to joining the Company, Mr. Saleh served as the Chief Financial Officer of Gannett Co. from 2010 to 2012. Prior to his tenure at Gannett Co., from 2008 to 2010, Mr. Saleh was a Managing Partner at Menza Partners, an operational and financial advisory group focusing on media, telecommunications, and technology industries. Prior to that, he served as Chief Financial Officer of Sprint Nextel Communications from 2001 to 2007 and as Interim Chief Executive Officer of Sprint Nextel until 2008. He served as Senior Vice President and Chief Financial Officer of Walt Disney International where he also held various other senior positions from 1997 to 2001.

William L. Deckelman, Jr. was appointed Executive Vice President, General Counsel and Secretary in August 2014. Mr. Deckelman joined CSC in January 2008 and served as Vice President, General Counsel and Secretary from 2008 to 2012, and as Executive Vice President and General Counsel from 2012 to August 2014. Prior to joining CSC, Mr. Deckelman served as Executive Vice President and General Counsel of Affiliated Computer Services Inc., since March 2000, and served as a director from 2000 to 2003, holding various executive positions there since 1989.

Stephen Hilton is the Executive Vice President and General Manager, Global Infrastructure Services. He joined CSC in March 2015. Prior to joining CSC, from 2006 to 2014, Mr. Hilton served as Managing Director and Chief Information Officer, Technology Infrastructure Services, and as Head of Corporate Real Estate & Services at Credit Suisse. Prior to his tenure at Credit Suisse, Mr. Hilton served from 2003 to 2006 in an Information Technology leadership role at JP Morgan Chase. Prior to that, from 1996 to 2003, Mr. Hilton worked at CSC as a service delivery executive, technical architect and business development/sales director and was based in London, Singapore and New York.

James R. Smith is the Executive Vice President and General Manager, Global Business Services. He joined CSC in August 2013. Prior to joining CSC, Mr. Smith served as Chief Executive Officer of Motricity, a provider of cloud-based mobile enterprise and analytics solutions from 2009 to 2012. Prior to that, he held various executive leadership positions at Avaya from 2001 to 2008. Prior to that, he was an Associate Partner at Accenture.

Item 1A. Risk Factors

Past performance may not be a reliable indicator of future financial performance. Future performance and historical trends may be adversely affected by the following factors, as well as other variables, and should not be relied upon to project future period results.

Risks Relating to Our Business

1. *Our business may be adversely impacted as a result of changes in demand, both globally and in individual market segments, for consulting, industry software & solutions, application services and next-generation cloud offerings. In addition, worldwide economic weakness and uncertainty could adversely affect our revenue and expenses.*

   Current weakness in worldwide economic conditions and political uncertainty may adversely impact our customers' demand for our services in the markets in which we compete, including our customers' demand for consulting, industry software & solutions, application services and next-generation cloud offerings and other IT services.

2. *Our ability to continue to develop and expand our service offerings to address emerging business demands and technological trends will impact our future growth. If we are not successful in meeting these business challenges, our results of operations and cash flows will be materially and adversely affected.*

   Our ability to implement solutions for our customers incorporating new developments and improvements in technology which translate into productivity improvements for our customers and to develop service offerings that meet current and prospective customers' needs are critical to our success. The markets we serve are highly competitive. Our competitors may develop solutions or services that make our offerings obsolete. Our ability to develop and implement up to date solutions utilizing new technologies which meet evolving customer needs in cloud, consulting, industry software and solutions and application services markets will impact our future revenue growth and earnings.

3. *Our primary markets, consulting, industry software and solutions, application services, and next-generation cloud, are highly competitive markets. If we are unable to compete in these highly competitive markets, our results of operations will be materially and adversely affected.*

   Our competitors include large, technically competent and well capitalized companies, some of which have emerged as a result of industry consolidation, as well as “pure play” companies that have a single product focus. The competition created by these companies may place downward pressure on operating margins in our industry, particularly for technology outsourcing contract extensions or renewals. As a result, we may not be able to maintain our current operating margins, or achieve favorable operating margins, for technology outsourcing contracts extended or renewed in the future.

   Any reductions in margins will require that we effectively manage our cost structure. If we fail to effectively manage our cost structure during periods with declining margins, our results of operations will be adversely affected.

4. *Our ability to raise additional capital for future needs will impact our ability to compete in the markets we serve.*

   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 are beyond our control, including as a result of new standards requiring the agencies to reassess rating practices and methodologies.

   Subsequent to our announcement to separate into two publicly traded companies, all three credit rating agencies took ratings action. Fitch Ratings formally reaffirmed its existing credit ratings of BBB with "Stable" outlook. On July 30, 2015, Moody’s confirmed its existing credit ratings of Baa2 with “Stable” outlook. On February 26, 2016, S&P downgraded our BBB+ rating to BBB with "Stable" outlook, which is an investment grade rating.

   Shortly after we announced the execution of a merger agreement with Hewlett Packard Enterprise Company (HPE) relating to the Enterprise Services business of HPE, Fitch Ratings reaffirmed its existing credit ratings for CSC of BBB with "Stable" outlook, Moody's reaffirmed its existing credit ratings for CSC of Baa2 with "Stable" outlook and S&P placed all of its CSC ratings, including its' BBB rating, on CreditWatch status. S&P indicated that it intends to resolve the CreditWatch status once the merger has closed, at which time they have indicated they will likely lower CSC's commercial paper rating to A-3.

   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. Any downgrades could negatively impact the perception of the Company by lenders and other third parties. In addition, certain of the Company's major contracts provide customers with a right of termination in certain circumstances in the event of a rating downgrade below investment grade.

5. *Achieving our growth objectives may prove unsuccessful. We may be unable to identify future attractive acquisitions and strategic partnerships, which may adversely affect our growth. In addition, our ability to consummate agreements we enter into, including the transactions contemplated by the merger agreement we recently signed with Hewlett Packard Enterprise Company (HPE) involving HPE’s Enterprise Services business, or to integrate acquisitions we consummate and implement our strategic partnerships may materially and adversely affect our profitability if we fail to achieve anticipated revenue improvements and cost reductions.*

   We may fail to complete transactions we sign. For example, we recently signed a merger agreement with HPE relating to HPE’s Enterprise Services business. Closing this or other strategic transactions is subject to uncertainties and risks, including the risk that we will be unable to satisfy conditions to closing such as regulatory and financing conditions and the absence of material adverse changes to our business. In addition, our inability to successfully integrate the operations we acquire and leverage these operations to generate substantial cost savings as well as our inability to avoid revenue erosion and earnings decline could have a material adverse effect on our results of operations, cash flows and financial position. Integrating acquired operations is a significant challenge and there is no assurance that we will be able to manage these integrations successfully particularly given the larger scale of HPE’s Enterprise Services business in comparison to our own.

We have also entered into, and intend to identify and enter into additional strategic partnerships with other industry participants that will allow us to expand our business. However, we may be unable to identify attractive strategic partnership candidates or complete these partnerships on terms favorable to us. In addition, if we are unable to successfully implement our partnership strategies or our strategic partners do not fulfill their obligations or otherwise prove advantageous to our business, our investments in these partnerships and our anticipated business expansion could be adversely affected.

6. *We could suffer additional losses due to asset impairment charges.*

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 the carrying value of goodwill may not be recoverable in accordance with Accounting Standards Codification (ASC) 350 "Goodwill and Other Intangible Assets". If the fair value of a reporting unit is revised downward due to declines in business performance or other factors, an impairment under ASC 350 could result and a non-cash charge could be required.

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.

7. *If our customers experience financial difficulties or request out-of-scope work, we may not be able to collect our receivables, which would materially and adversely affect our profitability.*

Over the course of a long-term contract, our customers' financial condition may decline and lower their ability to pay their obligations. As a result, our cash collections could decrease and our bad debt expense could increase for uncollectible receivables. While we may resort to other methods to pursue our claims or collect our receivables, these methods are expensive and time consuming and successful collection is not guaranteed. Failure to collect our receivables or prevail on our claims would have an adverse effect on our profitability.

8. *If we are unable to accurately estimate the cost of services and the time line for completion of contracts, the profitability of our contracts may be materially and adversely affected.*

Our commercial contracts are typically awarded on a competitive basis. Our bids are based upon, among other items, the cost to provide the services. To generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide the services required by the contract and to complete the contracts in a timely manner. In addition, revenues from some of our contracts are recognized using the percentage-of-completion method, which requires estimates of total costs at completion, fees earned on the contract, or both. This estimation process, particularly due to the technical nature of the services being performed and the long-term nature of certain contracts, is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected.

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

As noted in Part I, Item 3, "Legal Proceedings" and Note 23 to the Consolidated Financial Statements, we are currently party to a number of disputes which involve or may involve litigation. We are not able to predict the ultimate outcome of these disputes or the actual impact of these matters on our profitability. If we agree to settle these matters or judgments are secured against us, we may incur liabilities which may have a material and adverse impact on our liquidity and earnings.

10. *Our ability to provide our 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. As we noted above, the markets we serve are highly competitive and competition for skilled employees in the technology outsourcing and consulting and systems integration markets is intense for both on-shore and offshore locales. The loss of personnel could impair our ability to perform under certain of our contracts, which could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

11. *Our international operations are exposed to risks, including fluctuations in exchange rates, which may be beyond our control.*

    For fiscal 2016, approximately 57% of our recognized revenues were denominated in currencies other than the U.S. dollar. The exposure to currencies other than the U.S. dollar may impact our results as they are expressed in U.S. dollars. In particular, the uncertainty with respect to the ability of certain European countries to continue to service their sovereign debt obligations and the related European financial restructuring efforts may cause the value of the euro to fluctuate. Currency variations also contribute to variations in sales of products and services in impacted jurisdictions. For example, in the event that one or more European countries were to replace the euro with another currency, sales in that country or in Europe generally may be adversely affected until stable exchange rates are established. While currency risk, including exposure to fluctuations in currency exchange rates, is partially mitigated largely by matching costs with revenues in a given currency, our exposure to fluctuations in other currencies against the U.S. dollar increases as revenue in currencies other than the U.S. dollar increase and as more of the services we provide are shifted to lower cost regions of the world. We believe that the percentage of our revenue denominated in currencies other than the U.S. dollar will continue to represent a significant portion of our revenue. Also, we believe that our ability to match revenue and expenses in a given currency will decrease as more work is performed at offshore locations.

    We operate in more than 60 countries and our operations in these countries are subject to the local, legal and political environments. Our operations are subject to regulations including employment, tax, statutory reporting, trade restriction and other regulations. Notwithstanding our best efforts, we may not be in compliance with all regulations in the countries in which we operate and may be subject to penalties and/or fines as a result. These penalties or fines may materially and adversely impact our profitability.

12. *We may be exposed to negative publicity and other potential risks if we are unable to maintain effective internal controls over financial reporting.*

    We are required under the Sarbanes-Oxley Act of 2002 to include a report of management on our internal controls that contains an assessment by management of the effectiveness of our internal control over financial reporting. In addition, the public accounting firm auditing our financial statements must report on the effectiveness of our internal control over financial reporting. Any failure to maintain effective controls or difficulties encountered in the effective improvement of our internal controls could prevent us from timely and reliably reporting our financial results and may harm our operating results. In addition, if we are unable to conclude that we have effective internal control over financial reporting or, if our independent registered public accounting firm is unable to provide us with an unqualified report as to the effectiveness of our internal control over financial reporting as of each fiscal year end, we may be exposed to negative publicity, which could cause investors to lose confidence in our reported financial information. Any failure to maintain effective internal controls and the resulting negative publicity may materially and adversely affect our business and stock price.

13. *In the course of providing services to customers, we may inadvertently infringe on the intellectual property rights of others and be exposed to claims for damages.*

    The solutions we provide to our customers may inadvertently infringe on the intellectual property rights of third parties resulting in claims for damages against us or our customers. Our contracts generally indemnify our clients from claims for intellectual property infringement for the services and equipment we provide under our contracts. The expense and time of defending against these claims may have a material and adverse impact on our profitability. Additionally, the publicity we may receive as a result of infringing intellectual property rights may damage our reputation and adversely impact our ability to develop new business.

14. *Our contracts generally contain provisions under which a customer may terminate the contract prior to completion. Early contract terminations may materially and adversely affect our revenues and profitability.*

    Our contracts typically contain provisions under which customers may terminate the contract prior to completion of the term of the contract. These contracts generally allow the customer to terminate the contract for convenience upon providing written notice. If a contract is terminated for convenience, we seek, either by defined contract schedules or through negotiations, recovery of our property, plant, equipment, outsourcing costs, investments, and other intangibles. However, there is no assurance we will be able to fully recover our investments. We may not be able to replace the revenue and earnings from these contracts in the short-term. In the long-term, our reputation may be harmed by the publicity generated from contract terminations.

    A termination arising out of our default may expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. Our contracts and the services we provide under our contracts are often highly complex and may include numerous mutual performance obligations and conditions as well as terms permitting each party to issue default notices unilaterally which, assuming the notices are validated as proper under the contract and the default is not remedied within the applicable cure period, may entitle the non-defaulting party to terminate the contract. During the course of a contractual relationship one or both parties may issue default notices; however, given the nature of our services and our relationships with our customers, the parties routinely resolve these issues on commercially reasonable terms. If we are not able to negotiate a commercially reasonable resolution in a particular situation and termination rights are asserted, protracted litigation could ensue.

15. *Our ability to compete in certain markets we serve is dependent on our ability to continue to expand our capacity in certain offshore locations. However, as our presence in these locations increases, we are exposed to risks inherent to these locations which may adversely impact our revenue and profitability.*

    A significant portion of our application outsourcing and software development activities have been shifted to India, and we plan to continue to expand our presence there and in other lower cost locations. As a result, we are exposed to the risks inherent to operating in India including (1) a highly competitive labor market for skilled workers which may result in significant increases in labor costs as well as shortages of qualified workers in the future, and (2) the possibility that the U.S. federal government or the European Union may enact legislation that provides significant disincentives for customers to locate certain of their operations offshore which would reduce the demand for the services we provide in India and may adversely impact our cost structure and profitability. In addition, India has experienced civil unrest and acts of terrorism and has been involved in confrontations with Pakistan. If India continues to experience this civil unrest or if its conflicts with Pakistan escalate, our operations in India could be adversely affected.

    The Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in other jurisdictions prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We pursue opportunities in certain parts of the world that experience government corruption, and in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our internal policies mandate compliance with all applicable anti-bribery laws. We require our employees, partners, subcontractors, agents and others who work for us or on our behalf to comply with the FCPA and other anti-bribery laws. There is no assurance that our policies or procedures will protect us against liability under the FCPA or other laws for actions taken by our agents, employees and intermediaries. If we are found to be liable for FCPA violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, results of operations or cash flows. In addition, detecting, investigating and resolving actual or alleged violations of the FCPA or other anti-bribery violations is expensive and could consume significant time and attention of our senior management.

16. *Our performance on contracts, including those on which we have partnered with third parties, may be adversely affected if we or the third parties fail to deliver on commitments.*

    Our contracts are increasingly complex and, in some instances, require that we partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Our ability to deliver the solutions and provide the services required by our customers is dependent on our and our partners' ability to meet our customers' delivery schedules. If we or our partners fail to deliver services or products on time, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenue and profitability.

17. *Security breaches or service interruptions could expose us to liability or impair our reputation, which could cause significant financial loss.*

    As a provider of information technology services to private and public sector customers operating in a number of regulated industries and countries, we store and process increasingly large amounts of sensitive data for our clients. At the same time, the continued occurrence of high-profile data breaches provides evidence of an external environment increasingly hostile to information security. We rely on internal and external information and technological systems to manage our operations and are exposed to risk of loss resulting from breaches in the security or other failures of these systems. We collect and store certain personal and financial information from customers and employees. Security breaches could expose us to a risk of loss of this information, regulatory scrutiny, actions and penalties, extensive contractual liability litigation, reputational harm, and a loss of customer confidence that could potentially have an adverse impact on future business with current and potential customers.

    Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive customer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruption in our operations. We are required to expend capital and other resources to protect against attempted security breaches or cyber-attacks or to alleviate problems caused by successful breaches or attacks. Our security measures are designed to identify and protect against security breaches and cyber attacks, and no threat incident identified to date has resulted in a material adverse effect on us or our customers. However, our failure to detect, prevent or adequately respond to a future threat incident could subject us to liability, damage our reputation and have a material adverse effect on our business.

    Increasing data privacy and information security obligations could also impose additional regulatory pressures on our customers' businesses, and indirectly, on our operations. In response, some of our customers have sought, and may continue to seek, to contractually impose certain strict data privacy and information security obligations on us and some of our customer contracts may not contractually limit our liability for the loss of confidential information. If we are unable to adequately address these concerns, our business and results of operations could suffer. Compliance with new privacy and security laws, requirements and regulations, where required or undertaken by us, may result in cost increases due to potential systems changes, the development of additional administrative processes and increased enforcement actions, fines and penalties. While we strive to comply with all applicable data protection laws and regulations as well as our own posted privacy policies, any failure or perceived failure to comply or any misappropriation, loss or other unauthorized disclosure of sensitive or confidential information may result in proceedings or actions against us by government or other entities, private lawsuits against us including class actions or the loss of customers, which could potentially have an adverse effect on our business, reputation and results of operations.

18. *Changes in our tax rates could affect our future results.*

    Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or by changes in tax laws or their interpretation. We are subject to the continuous examination of our income tax returns by the U.S. Internal Revenue Service (IRS) and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance that the outcomes from these examinations will not have a material adverse effect on our financial condition and operating results.

19. *We may be adversely impacted by disruptions in the credit markets, including disruptions that reduce our customers' access to credit and increase the costs to our customers of obtaining credit.*

The credit markets have historically been volatile and therefore it is not possible for us to predict the ability of our clients and customers to access short-term financing and other forms of capital. If a disruption in the credit markets were to occur, it could also pose a risk to our business if customers and suppliers are unable to obtain financing to meet payment or delivery obligations to us. In addition, customers may decide to downsize, defer or cancel contracts which could negatively affect our revenue.

20. *Our hedging program is subject to counterparty default risk.*

We enter into foreign currency forward contracts and options and interest rate swaps with a number of counterparties. As a result, we are subject to the risk that the counterparty to one or more of these contracts defaults on its performance under the contract. During an economic downturn, the counterparty's financial condition may deteriorate rapidly and with little notice and we may be unable to take action to protect our exposure. In the event of a counterparty default, we could incur significant losses, which may harm our business and financial condition. In the event that one or more of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty.

21. *We derive significant revenue and profit from contracts awarded through competitive bidding processes, which can impose substantial costs on us, and we will not achieve revenue and profit objectives if we fail to bid on these projects effectively.*

We derive significant revenue and profit from government contracts that are awarded through competitive bidding processes. We expect that most of the non-U.S. government business we seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding is expensive and presents a number of risks, including:

- the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us;
- the need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design;
- the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding;
- the requirement to resubmit bids protested by our competitors, and in the termination, reduction, or modification of the awarded contracts; and
- the opportunity cost of not bidding on and winning other contracts we might otherwise pursue.

22. *Catastrophic events or climate conditions may disrupt our business.*

We and our customers are subject to various federal, state, local and foreign government requirements relating to the protection of the environment. Our revenues and results of operations may be adversely affected by the passage of climate change and other environmental legislation and regulations. For example, new legislation or regulations may result in increased costs directly relating to our compliance or indirectly to the extent that new requirements increase prices charged to us by vendors because of increased compliance costs. At this point, we are unable to determine the impact that climate change and other environmental legislation and regulations could have on our overall business.

23. *The Separation could result in substantial tax liability to CSC and our shareholders.*

Among the conditions to completing the Separation was our receipt of a legal opinion of tax counsel substantially to the effect that, for U.S. federal income tax purposes, the Separation will qualify for tax-free treatment as a spin-off under Section 355 of the Internal Revenue Code. The legal opinions we received were based on, among other things, various assumptions and representations we provided to counsel. If any of those assumptions or representations turn out to be inaccurate or incomplete, we may not be able to rely on the opinion. Furthermore, a legal opinion of counsel is not binding on the IRS or the courts. Accordingly, the IRS or the courts may challenge the conclusions stated in the opinion and could prevail. If, notwithstanding receipt of the opinion, the Separation is determined to be taxable, we could be subject to a substantial tax liability. In addition, there could be a tax liability for our investors based on the fair market value of the CSRA shares received.

Even if the Separation otherwise qualifies as a tax-free spin-off transaction, the distribution could be taxable to us (but not to our shareholders) in certain circumstances if future significant acquisitions of our stock or the stock of the new company are deemed to be part of a plan or series of related transactions that include the spin-off. In this event, the resulting tax liability could be substantial. In connection with the Separation, we entered into a tax matters agreement with CSRA, under which it agreed not to enter into any transaction without our consent that could cause any portion of the Separation to be taxable to us and to indemnify us for any tax liabilities resulting from such transactions. These obligations and potential tax liabilities may discourage, delay or prevent a change of control of us or of CSRA.

24. *The announcement and pendency of our proposed Merger with HPE's Enterprise Services business could adversely affect our business, financial results and operations.*

The announcement and pendency of the proposed Merger could cause disruptions in and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers, suppliers and employees, which could have an adverse effect on our business, financial results and operations, regardless of whether the proposed Merger is completed. In particular, we could also potentially lose customers or suppliers, and new customer or supplier contracts could be delayed or decreased. In addition, we have diverted, and will continue to divert, significant management resources towards the completion of the transaction, which could adversely affect our business and results of operations.

Item 1B. Unresolved Staff Comments

The Company has previously received comment letters from the Staff of the SEC's Division of Corporation Finance (the Staff) with respect to certain of the Company's filings for its fiscal years 2011, 2012 and 2013. The Company has responded to each of these letters and believes that it has addressed the Staff's comments. Further, the Company believes that its Form 10-K/A with respect to fiscal year 2014, filed with the SEC on June 5, 2015, also addressed certain of the Staff's prior comments.

On September 25, 2014, the Company received a letter from the Staff of the SEC's Division of Corporation Finance as part of its review of the Company's Form 10-K for the fiscal year ended March 28, 2014 and the Company's Form 10-Q for the quarter ended July 4, 2014. The Staff provided comments and requested additional information related to certain accounting disclosures, including disclosure relating to software development costs, contingencies and goodwill. The Company responded to that letter on October 16, 2014 and believes that it has addressed the Staff's comments.

On May 27, 2016, we received a letter from the SEC's Division of Corporation Finance stating that it has completed its review of our Form 10-Ks noted above. As of the date of this annual report, the Company has not received confirmation from the Staff that its review process is complete for the Company's Form 10-Q for the quarter ended July 4, 2014. The Company intends to continue to work with the Staff and respond to any remaining comments.

Item 2. Properties

The following tables provides a summary of properties owned and leased by CSC or its subsidiaries as of April 1, 2016:

Properties Owned	Approximate Square Footage	General Usage
Blythewood, South Carolina	456,000	Computer and General Office
Copenhagen, Denmark	368,000	Computer and General Office
Aldershot, United Kingdom	211,000	General Office
Newark, Delaware	176,000	Computer and General Office
Norwich, Connecticut	144,000	Computer and General Office
Falls Church, Virginia	127,000	General Office
Petaling Jaya, Malaysia	126,000	Computer and General Office
Meriden, Connecticut	118,000	Computer and General Office
Maidstone, United Kingdom	79,000	Computer and General Office
Jacksonville, Illinois	60,000	General Office
Chesterfield, United Kingdom	51,000	General Office
Vadodara, India	47,000	Computer and General Office
Tunbridge Wells, United Kingdom	43,000	Computer and General Office
Sterling, Virginia	41,000	General Office
Various other US and foreign locations	39,000	General Office

Properties Leased	Approximate Square Footage	General Usage
India	2,402,000	General Office
Australia & other Pacific Rim locations	596,000	Computer and General Office
Germany	422,000	General Office
Washington, D.C. area	230,000	General Office
Texas	200,000	General Office
France	172,000	General Office
United Kingdom	159,000	General Office
Illinois	154,000	General Office
Spain	145,000	General Office
Connecticut	135,000	Computer and General Office
Denmark	133,000	General Office
China	119,000	General Office
Puerto Rico	118,000	General Office
Sweden	117,000	General Office
Bulgaria	101,000	General Office
Various other U.S. and foreign locations	1,097,000	Computer and General Office

We currently have facilities in excess of our needs and have entered into various sublease agreements for our unused computer and general office space. As a result, included in our accrued expenses, other current liabilities and other long-term liabilities are costs to be incurred through 2022 related to such facilities. We believe all of the properties we own or lease are well-maintained, suitable and adequate to meet our current and anticipated requirements. For additional information regarding our excess space obligations, see Note 20 of the Notes to the Consolidated Financial Statements contained in Part II, Item 8 of this Annual Report.

Approximately 2,131,000, 4,146,000 and 211,000 square feet of our properties are used by our GBS and GIS segments, and Corporate, respectively, and approximately 1,898,000 square feet support the operations of both the GBS and GIS segments. Upon expiration of its leases, the Company expects to obtain renewals or to lease alternative space. Lease expiration dates range from fiscal 2017 through fiscal 2028.

Item 3. Legal Proceedings

The information required by this Item is set forth in Note 23, Commitments & Contingencies of the Notes to the Consolidated Financial Statements under the caption “Contingencies,” contained in Item 8 of this Annual Report on Form 10-K. Such information is incorporated herein by reference and made a part hereof.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

(a) Holders

Common stock of Computer Sciences Corporation is listed and traded on the New York Stock Exchange under the ticker symbol "CSC."

As of May 13, 2016, the number of registered shareholders of Computer Sciences Corporation's common stock was 5,548. The following table shows the high and low sales prices of the Company's common stock as reported on the New York Stock Exchange for each quarter during the last two fiscal years.

	2016[1]		2015[1]	
Fiscal Quarter	High	Low	High	Low
1st	$ 71.00	$ 63.85	$ 64.72	$ 57.46
2nd	68.57	58.77	65.52	56.19
3rd	71.15	29.51	66.99	54.23
4th	34.49	24.27	73.29	59.80

[1] *Historical market prices do not reflect any adjustment for the impact of the Separation of CSRA, which occurred during the third quarter of fiscal 2016.*

Cash dividends declared on our common stock for each quarter of fiscal 2016 and 2015 are included in Selected Quarterly Financial Data (Unaudited) in Part II, Item 8 of this Annual Report. We expect to return excess cash flow to our stockholders from time to time through our common stock repurchase program described below or the payment of dividends. However, there can be no assurance that share repurchases will occur or future dividends will be declared or paid. Our share repurchase program and the declaration and payment of future dividends, the amount of any such share repurchases or dividends, and the establishment of record and payment dates for dividends, if any, are subject to final determination by our Board of Directors after review of our current strategy and financial performance and position, among other things.

(b) Purchases of Equity Securities

The following table provides information on a monthly basis for the fourth quarter ended April 1, 2016 with respect to the Company's purchase of equity securities:

Period	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [2]
January 2, 2016 to January 29, 2016	1,250,000	$ 29.76	1,250,000	$ 723,551,645
January 30, 2016 to February 26, 2016	518,972	$ 32.06	250,000	$ 715,662,670
February 27, 2016 to April 1, 2016	63,273	$ 31.52	—	$ 715,662,670

[1] The Company accepted 329,800 shares of its common stock in the quarter ended April 1, 2016 from employees in lieu of cash due to the Company in connection with the issuance of shares of common stock related to the settlement of restricted stock units. The Company accepted 2,445 shares of common stock in the quarter ended April 1, 2016 tendered by employees in lieu of cash due to the Company in connection with the exercise of stock options. Such shares of common stock are stated at cost and held as treasury shares to be used for general corporate purposes.

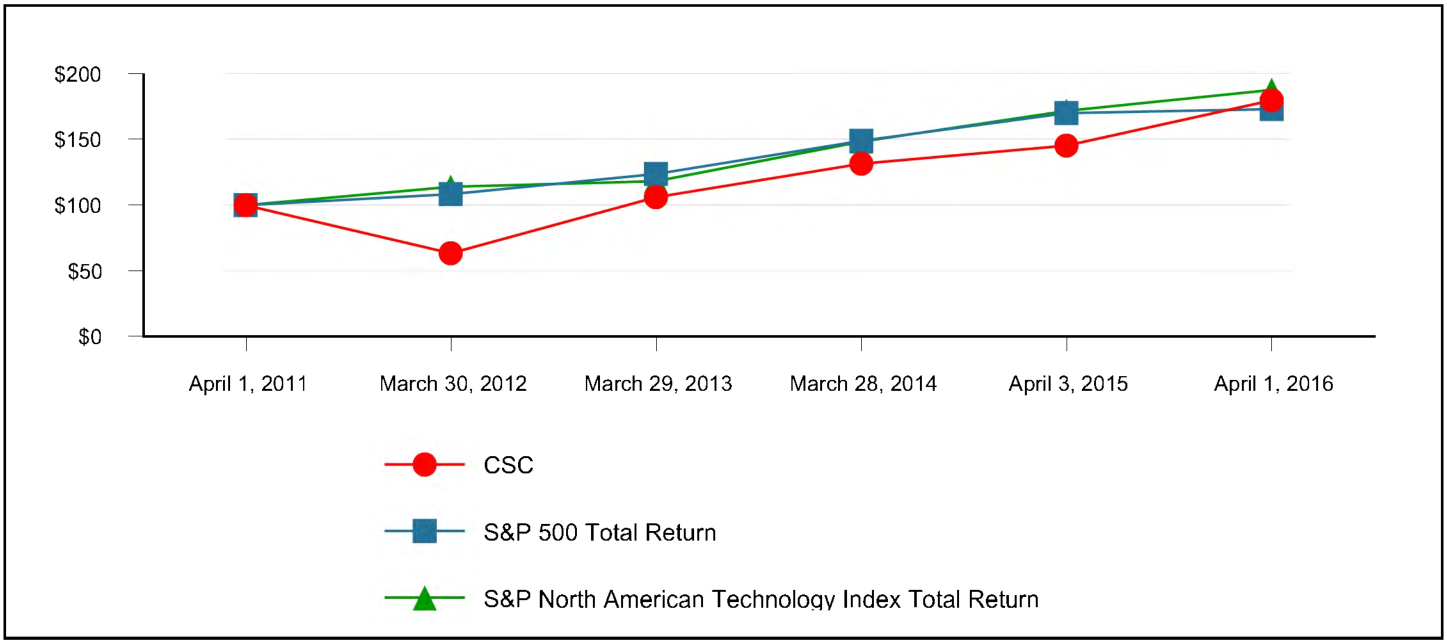
[2] During the first quarter of fiscal 2015, the Company's Board of Directors approved a share repurchase program authorizing up to $1.5 billion in share repurchases of the Company's outstanding common stock. CSC has been implementing this program through purchases made in open market transactions and accelerated share repurchase arrangements in compliance with SEC Rule 10b-18 and Rule 10b5-1, subject to market conditions, and applicable state and federal legal requirements. Share repurchases are funded with available cash. The timing, volume, and nature of share repurchases are at the discretion of management, and may be suspended or discontinued at any time. CSC's Board of Directors has not established an end date for the repurchase program. The Company repurchased 1,500,000 shares of its common stock in the fiscal quarter ended April 1, 2016 pursuant to the share repurchase program. The approximate amount for which shares may yet be purchased under this program at April 1, 2016 is $716 million.

(c) Performance Graph

The graph below compares the total cumulative five-year return on CSC's common stock through our fiscal year ended April 1, 2016 to: (i) the Standard & Poor's 500 index and (ii) the Standard & Poor's North American Technology Index[1]. The graph assumes an initial investment of $100 on April 1, 2011 and that dividends have been reinvested.

On November 27, 2015, we completed the Separation of CSRA, Inc. Our stockholders received one share of CSRA common stock for every one share of our common stock held on the Record Date and a Special Dividend of $10.50 per share. The effect of the Separation is reflected in the cumulative total return as a reinvested dividend. The comparisons in the graph are required by the SEC, based upon historical data and are not intended to forecast or be indicative of possible future performance of CSC common stock.

CSC Total Shareholder Return
(Period Ended April 1, 2016)



The following table provides indexed returns assuming $100 was invested on April 1, 2011, with annual returns using CSC's fiscal year ending dates.

Indexed Return Table (2011 = 100)

	Return 2012	Return 2013	Return 2014	Return 2015	Return 2016	Compound Annual Growth Rate
CSC common stock	-37.74%	68.31%	24.35%	10.04%	23.78%	12.42%
S&P 500 Index	8.00%	13.96%	20.88%	13.59%	1.81%	11.58%
S&P North American Technology Index[1]	13.91%	3.80%	25.45%	15.66%	9.38%	13.41%

[1] In prior years, we used the North American Technology Services Index, which was discontinued on March 7, 2016. Accordingly, we now use the S&P North American Technology Index as a replacement for the discontinued index.

(d) Equity Compensation Plans

See Item 12, contained in Part III of this Annual Report for information regarding our equity compensation plans.

Item 6. Selected Financial Data (Unaudited)

	As of				
(Amounts in millions)	April 1, 2016[6]	April 3, 2015[1], [6]	March 28, 2014[1], [6]	March 29, 2013[1], [6]	March 30, 2012[1], [6]
Total assets	$ 7,736	$ 10,221	$ 11,361	$ 11,210	$ 11,149
Debt					
Long-term, net of current maturities	1,934	1,635	2,207	2,498	1,486
Short-term	559	—	444	—	43
Current maturities	151	883	237	234	1,211
Total	2,644	2,518	2,888	2,732	2,740
Stockholders’ equity	2,032	2,965	3,950	3,166	2,839
Net debt-to-total capitalization	31.4%	8.1%	6.5%	11.5%	29.5%

	Fiscal Year Ended				
(Amounts in millions, except per-share amounts)	2016[6]	2015[3], [6]	2014[3], [6]	2013[3], [6]	2012[3], [6]
Revenues	$ 7,106	$ 8,117	$ 8,899	$ 9,533	$ 9,788
Costs of services (excludes depreciation and amortization and restructuring costs)	5,185	6,159	6,032	7,455	8,124
Selling, general and administrative - SEC settlement related charges[4]	—	197	—	—	—
Restructuring costs	23	256	74	251	139
Debt extinguishment costs[5]	95	—	—	—	—
Goodwill impairment[2]	—	—	—	—	232
Income (loss) from continuing operations, before taxes	10	(671)	694	(249)	(1,000)
Income tax (benefit) expense	(62)	(464)	174	(248)	(231)
Income (loss) from continuing operations, net of taxes	72	(207)	520	(1)	(769)
Income from discontinued operations, net of taxes	191	224	448	780	171
Net income attributable to CSC common stockholders	251	2	947	760	(613)
Earnings (loss) per common share:					
Basic:					
Continuing operations	$ 0.51	$ (1.45)	$ 3.52	$ (0.01)	$ (4.98)
Discontinued operations	1.31	1.46	2.89	4.92	1.01
	$ 1.82	$ 0.01	$ 6.41	$ 4.91	$ (3.97)
Diluted:					
Continuing operations	$ 0.50	$ (1.45)	$ 3.45	$ —	$ (4.98)
Discontinued operations	1.28	1.46	2.83	4.89	1.01
	$ 1.78	$ 0.01	$ 6.28	$ 4.89	$ (3.97)
Cash dividend per common share	$ 2.99	$ 0.92	$ 0.80	$ 0.80	$ 0.80

[1] *Fiscal 2012 through fiscal 2015 have been adjusted for the adoption of ASU 2015-17 (Topic 740), "Balance Sheet Classification of Deferred Taxes" (see Note 1 of the Notes to the Consolidated Financial Statements).*

[2] *Fiscal 2012 goodwill impairment charge related to one reporting unit in the GBS segment.*

[3] *Fiscal 2012 through fiscal 2015 have been adjusted to present discontinued operations for the divestiture of the Company's NPS segment in the third quarter of fiscal 2016 (see Note 4 of the Notes to the Consolidated Financial Statements).*

[4] *Fiscal 2015 charge related to the settlement of the SEC investigation (see Note 2 of the Notes to the Consolidated Financial Statements).*

[5] *Fiscal 2016 debt extinguishment costs related to the Company's redemption of all outstanding 6.50% term notes due March 2018 (see Note 13 of the Notes to the Consolidated Financial Statements).*

[6] *Certain amounts in fiscal 2012 through fiscal 2016 have been restated as the Company identified certain immaterial errors in previously issued financial statements related to income tax (benefit) expense (see Notes 1 and 24 of the Notes to the consolidated Financial Statements).*

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

General

The following discussion and analysis provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This discussion should be read in conjunction with the Company's Consolidated Financial Statements and associated Notes as of and for the year ended April 1, 2016, included in Part II, Item 8 of this Annual Report.

The three primary objectives of this discussion are to:

1. provide a narrative on the Consolidated Financial Statements, as presented through the eyes of management;
2. enhance the disclosures in the Consolidated Financial Statements and related Notes by providing context within which the Consolidated Financial Statements should be analyzed; and
3. provide information to assist the reader in ascertaining the predictive value of the reported financial results.

To achieve these objectives, management's discussion and analysis is presented with the following sections:

Overview - includes a description of the Company's business, how it earns revenue and generates cash, as well as a discussion of economic and industry factors, key business drivers, key performance indicators and fiscal 2016 highlights.

Results of Operations - discusses year-over-year changes to operating results for fiscal 2014 through fiscal 2016, describing the factors affecting revenue on a consolidated and reportable segment basis, including new contracts, acquisitions and divestitures and currency impacts, and also describing the factors affecting changes in the Company's major cost and expense categories.

Financial Condition - discusses causes of changes in cash flows, describes the Company's liquidity and available capital resources, any off balance sheet arrangements, outstanding contractual obligations and dividends.

Critical Accounting Estimates - discusses the significant accounting policies that require critical judgments and estimates.

Overview

CSC is a global provider of IT and professional services and solutions. The Company's mission is to enable superior returns on its clients' technology investments through best-in-class industry solutions, domain expertise and global scale.

The Company’s reportable segments are as follows:

- *Global Business Services (GBS)* – GBS provides innovative technology solutions including consulting, applications services, and software, which address key business challenges within the customer’s industry. GBS strives to help clients understand and exploit industry trends of IT modernization and virtualization of the IT portfolio (hardware, software, networking, storage and computing assets). GBS has four primary growth areas: end-to-end applications services, consulting services, big data services, and industry aligned next-generation software and solutions. Applications services optimize and modernize clients' business and technical environments, enabling clients to capitalize on emerging services such as cloud, mobility, and big data within new commercial models such as the "as a Service" and digital economies. The consulting services business helps organizations innovate, transform, and create sustainable competitive advantage through a combination of industry, business process, technology, systems integration and change management expertise. The industry aligned next-generation software and solutions growth is focused in the insurance, banking, healthcare and life sciences, manufacturing and other diversified industries. Activities are primarily related to vertical alignment of software solutions and process-based intellectual property that power mission-critical transaction engines. Key competitive differentiators for GBS include its global scale, solution objectivity, depth of industry expertise, strong partnerships, vendor and product independence and end-to-end solutions and capabilities. Changing business issues such as globalization, fast-developing economies, government regulation, and growing concerns around risk, security, and compliance drive demand for these GBS offerings.

- *Global Infrastructure Services (GIS)* – GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data center management, cyber security, compute and managed storage solutions to commercial clients globally. GIS also delivers CSC's next-generation cloud offerings, including Infrastructure as a Service (IaaS), private cloud solutions, CloudMail and Storage as a Service. GIS provides a portfolio of standard offerings that have predictable outcomes and measurable results while reducing business risk and operational costs for clients. To provide clients with differentiated offerings, GIS maintains a select number of key alliance partners to make investments in developing unique offerings and go-to-market strategies. This collaboration helps CSC determine the best technology, road map and opportunities to differentiate solutions, expand market reach, augment capabilities, and jointly deliver impactful solutions. GIS seeks to capitalize on the emerging market trend with a rebundled IT portfolio of virtualized infrastructure.

On November 27, 2015, CSC completed the separation of CSRA through a one-for-one pro rata distribution of all shares of CSRA common stock to CSC stockholders as of the Record Date. CSRA's assets and business primarily consist of those that the Company previously reported as its North American Public Sector (NPS) segment. Beginning in the third quarter of fiscal 2016, CSRA's financial results for periods prior to the distribution have been reflected in our Consolidated Statements of Operations, retrospectively, as income from discontinued operations, net of taxes. Additionally, the related assets and liabilities associated with the discontinued operations in the prior year are classified as assets and liabilities of discontinued operations in our Consolidated Balance Sheets. Refer to Note 4 of the Notes to the Consolidated Financial Statements for additional information regarding the separation of CSRA and Note 19 of the Notes to our Consolidated Financial Statements for further information regarding CSC's reportable segments. Unless otherwise stated, financial results herein reflect continuing operations.

Economic and Industry Factors

The Company's results of operations are generally impacted by economic conditions, including macroeconomic conditions. CSC monitors macroeconomic conditions, credit market conditions, and levels of business confidence, and assesses their potential impact on its customers and its own business. A severe and/or prolonged economic downturn could adversely affect the financial condition and the levels of business activities in the industries and geographies in which CSC operates. This may reduce demand for CSC's services or depress pricing of those services and have a material adverse effect on its new contract bookings and results of operations. Particularly in light of recent economic uncertainty, CSC continues to monitor its costs closely in order to respond to changing conditions and to manage any impact to its results of operations.

The Company's results of operations are also affected by levels of business activity and rates of change in the industries it serves, as well as by the pace of technological change and the type and level of technology spending by its clients. The ability to identify and capitalize on these markets and technological changes early in their cycles is a key driver of CSC's performance.

Revenues are driven by the Company's ability to secure new contracts and to deliver solutions and services that add value to its clients. CSC's ability to add value to clients, and therefore generate revenues, depends in part on its ability to deliver market-leading service offerings and to deploy skilled teams of professionals quickly and on a global basis.

The GBS and GIS segment markets are affected by various economic and industry factors. The economic environment in the regions CSC serves will impact customers' decisions for discretionary spending on IT projects. CSC is in a highly competitive industry which exerts downward pressure on pricing and requires companies to continually seek ways to differentiate themselves through several factors, including service offerings and flexibility. Management monitors industry factors including relative market shares, growth rates, billing rates, staff utilization rates and margins as well as macroeconomic indicators such as interest rates, inflation rates and foreign currency rates.

Outsourcing contracts are typically long-term relationships. Long-term, complex outsourcing contracts, including their consulting components, require ongoing review of the terms and scope of work in order to meet clients' evolving business needs and performance expectations.

More recently, the Company has rationalized its service offerings and implemented a strategy of selling defined solutions that require less customization and benefit from leveraged delivery at scale. Such solutions include our portfolio of Cloud-based IaaS offerings, managed applications services and a range of discrete offerings for computing, storage, mobility and networking services.

Business Drivers

Revenue in both segments is generated by providing services on a variety of contract types lasting from less than six months to ten years or more. Factors affecting revenue include the Company's ability to successfully:

- bid on and win new contract awards,
- satisfy existing customers and obtain add-on business and win contract recompetes,
- compete on services offered, delivery models offered, technical ability and innovation, quality, flexibility, global reach, experience, and results created, and
- identify and integrate acquisitions and leverage them to generate new revenues.

Earnings are impacted by the above revenue factors and, in addition, the Company's ability to:

- control costs, particularly labor costs, subcontractor expenses and overhead costs including healthcare, pension and general and administrative costs,
- anticipate talent needs to avoid staff shortages or excesses,
- accurately estimate various factors incorporated in contract bids and proposals,
- develop offshore capabilities and migrate compatible service offerings offshore, and
- manage foreign currency fluctuations related to international operations.

Cash flows are affected by the above earnings factors and, in addition, by the following factors:

- timely management of receivables and payables,
- investment opportunities available, particularly related to business acquisitions, dispositions and large outsourcing contracts,
- tax obligations, and
- the ability to efficiently manage capital deployed for outsourcing contracts, software, and property, plant and equipment.

Key Performance Indicators

The Company manages and assesses the performance of its business through various means, with the primary financial measures to include new contract wins, revenue, operating margins, and free cash flow.

New contract wins: In addition to being a primary driver of future revenue, new contract wins also provide management an assessment of the Company's ability to compete. The total level of wins tends to fluctuate from year to year depending on the timing of new or recompeted contracts, as well as numerous external factors.

Revenue: Revenue is comprised of revenue generated from contracts won in prior periods, known as backlog, and additional work secured in the current year. Year-over-year revenues tend to vary less than new contract wins, and reflect performance on both new and existing contracts. Foreign currency fluctuations also impact revenue.

Operating margins: Operating margins reflect the Company's performance on its contracts and ability to control its costs. While the ratios of various cost elements as a percentage of revenue can shift as a result of changes in the mix of businesses with different cost profiles, a focus on maintaining and improving overall margins leads to improved efficiencies and profitability. Although the majority of the Company's costs are denominated in the same currency as revenues, increased use of offshore support also exposes CSC to additional margin fluctuations.

Free cash flow: Primary drivers of the Company's free cash flow are earnings provided by the Company's operations and the use of capital to generate those earnings. Also contributing to short-term cash flow results are movements in current asset and liability balances.

Fiscal 2016 Highlights

The key operating results for fiscal 2016 include:

- Revenues decreased $1.0 billion, or 12.5%, to $7.1 billion compared to fiscal 2015. On a constant currency basis[1], revenues decreased $544 million, or 6.7%.

- Operating income[2] was $515 million as compared to $459 million in fiscal 2015. Operating income margins increased to 7.2% from 5.7% in fiscal 2015. Operating income was beneficially impacted by a year-over-year reduction in restructuring costs of $233 million during fiscal 2016, which more than offset the adverse impact of a reduction in revenues which exceeded the decrease in costs of services. Restructuring costs were $23 million in fiscal 2016, as compared to $256 million in fiscal 2015.

- Earnings (loss) before interest and taxes[3] (EBIT) increased to $95 million as compared to $(565) million in fiscal 2015. The EBIT margin increased to 1.3% from (7.0)% in fiscal 2015, largely as a result of the year-over-year decrease in pension and OPEB actuarial and settlement losses of $485 million, and non-recurrence of the fiscal 2015 SEC settlement related charges of $200 million.

[1] *Selected references are made on a "constant currency basis" so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby providing comparisons of operating performance from period to period. Financial results on a "constant currency basis" are non-U.S. Generally Accepted Accounting Principle (GAAP) measures calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates. This approach is used for all results where the functional currency is not the U.S. dollar.*

[2] *Operating income is a non-GAAP measure used by management to assess performance of the Company's segments and on a consolidated basis. CSC presents this non-GAAP measure because management believes it assists investors by providing another measure of the Company's profitability. The Company's definition of such measure may differ from that used by other companies. CSC defines operating income as revenue less costs of services, depreciation and amortization expense, restructuring costs and segment selling, general and administrative (SG&A) expense. Operating income, as defined by CSC, excludes corporate G&A, actuarial and settlement charges related to CSC's pension and other postemployment benefit (OPEB) plans, SEC settlement related charges, separation costs, and debt extinguishment costs. Operating margin is defined as operating income as a percentage of revenue. Management compensates for the limitations of this non-GAAP measure by also reviewing income (loss) from continuing operations before taxes.*

A reconciliation of consolidated operating income to income (loss) from continuing operations before taxes is as follows:

	Twelve Months Ended		
(Amounts in millions)	***April 1, 2016***	***April 3, 2015***	***March 28, 2014***
Operating income	*$ 515*	*$ 459*	*$ 852*
Corporate G&A	*(216)*	*(230)*	*(245)*
Pension & OPEB actuarial (losses) gains	*(99)*	*(584)*	*217*
SEC settlement related charges and other	*—*	*(200)*	*—*
Separation costs	*(19)*	*—*	*—*
Interest expense	*(123)*	*(126)*	*(128)*
Interest income	*38*	*20*	*16*
Debt extinguishment costs	*(95)*	*—*	*—*
Other income (expense), net	*9*	*(10)*	*(18)*
Income (loss) from continuing operations before taxes	*$ 10*	*$ (671)*	*$ 694*

[3] *EBIT is a non-GAAP measure that provides useful information to investors regarding the Company's results of operations as it provides another measure of the Company's profitability, and is considered an important measure by financial analysts covering CSC and its peers. The Company's definition of such measure may differ from that used by other companies. CSC defines EBIT as net income less income from discontinued operations, interest expense, interest income and income tax (benefit) expense. EBIT margin is defined as EBIT as a percentage of revenue. A reconciliation of EBIT to net income is as follows:*

	Twelve Months Ended		
(Amounts in millions)	*April 1, 2016*	*April 3, 2015*	*March 28, 2014*
EBIT	$ 95	$ (565)	$ 806
Interest expense	(123)	(126)	(128)
Interest income	38	20	16
Income tax benefit (expense)	62	464	(174)
Income (loss) from continuing operations	72	(207)	520
Income from discontinued operations	191	224	448
Net income	263	17	968

- Income (loss) from continuing operations before taxes was $10 million, compared to $(671) million in fiscal 2015, an increase of $681 million. The increase in income from continuing operations was primarily due to a decrease in pension and OPEB actuarial and settlement losses of $485 million, and the SEC settlement related charges of $200 million which was unique to fiscal 2015.
- Non-GAAP income from continuing operations before taxes[4] was $425 million, compared to $407 million in fiscal 2015.
- Income from discontinued operations, net of taxes was $191 million, compared to $224 million in fiscal 2015.
  Net income (loss) attributable to CSC common stockholders was $251 million, compared to $2 million in fiscal 2015.
  Non-GAAP net income attributable to CSC common shareholders[4] was $542 million, compared to $535 million in fiscal 2015.
- Diluted earnings (loss) per share (EPS) from continuing operations was $0.50 as compared to $(1.45) in the prior year.
  Diluted EPS from discontinued operations was $1.28 as compared to $1.46 in the prior year.
- Non-GAAP diluted EPS from continuing operations[4] was $2.57 as compared to $2.24 in the prior year.
- The Company recorded debt extinguishment costs of $95 million resulting from the early redemption of certain term notes.

[4] *Non-GAAP results are financial measures calculated by excluding certain significant items, which management believes are not indicative of the Company's operating performance. CSC presents these non-GAAP results because management believes they assist investors in comparing the Company's performance across reporting periods on a consistent basis by excluding items that management does not believe are indicative of the Company's core operating performance. Adjustments to results of operations include:*

- *Certain CSRA overhead costs - Reflects costs historically allocated to CSRA but not included in discontinued operations based on ASC Subtopic 205-20 "Presentation of Financial Statements - Discontinued Operations." These costs are expected to be largely eliminated on a prospective basis.*
- *U.S. Pension and OPEB - Reflects the impact of certain U.S. pension and OPEB plans historically included in CSC's financial results that have been transferred to CSRA as part of the Separation.*
- *Separation, restructuring, and other transaction costs - Reflects non-recurring costs related to CSC's separation of CSRA and infrequently occurring costs related to CSC's (1) certain restructuring related to workforce optimization and real estate charges, including the fiscal 2015 special restructuring, (2) previously announced acquisitions and (3) process remediation related to fiscal 2016 software implementation.*
- *Pension and OPEB actuarial & settlement gains (losses) - Reflects pension and OPEB actuarial and settlement gains (losses) from mark-to-market accounting.*
- *Debt extinguishment costs - Reflects costs related to the fiscal 2016 redemption of all outstanding 6.50% term notes due March 2018.*
- *SEC settlement-related items - Reflects costs associated with certain SEC charges and settlements.*
- *Reversal of contingent consideration - Reflects fiscal 2014 reversal of contingent consideration related to the acquisition of ServiceMesh.*
- *Tax valuation allowance & adjustments - Reflects the adoption of ASU 2016-09 as described in Note 1 of the Notes to the Consolidated Financial Statements, adjustments to tax valuation allowances in certain jurisdictions and the application of a 20% tax rate, for the first and second quarters of fiscal 2016, fiscal 2015, and fiscal 2014, which is at the low end of the prospective targeted effective tax rate range of 20% to 25% and effectively excludes the impact of discrete tax adjustments for those periods.*

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

	Twelve Months Ended April 1, 2016								
(Amounts in millions, except per-share amounts)	***As reported***	***Certain CSRA overhead costs***	***U.S. Pension & OPEB***	***Separation, restructuring & other transaction costs***	***Pension & OPEB actuarial & settlement losses***	***SEC settlement related items***	***Debt extinguishment costs***	***Tax valuation allowance & adjustments***	***Non-GAAP results***
Costs of services (excludes depreciation and amortization and restructuring costs)	*$ 5,185*	*$ (41)*	*$ 32*	*$ (5)*	*$ (100)*	*$ —*	*$ —*	*$ —*	*$ 5,071*
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	*$ 1,040*	*$ (47)*	*$ 6*	*$ (55)*	*$ 1*	*$ (5)*	*$ —*	*$ —*	*$ 940*
Income (loss) from continuing operations, before taxes	*$ 10*	*$ (88)*	*$ 38*	*$ (161)*	*$ (99)*	*$ (5)*	*$ (100)*	*$ —*	*$ 425*
Income tax (benefit) expense	*$ (62)*	*$ (34)*	*$ 15*	*$ (41)*	*$ (18)*	*$ (2)*	*$ (40)*	*$ (4)*	*$ 62*
Income (loss) from continuing operations	*$ 72*	*$ (54)*	*$ 23*	*$ (120)*	*$ (81)*	*$ (3)*	*$ (60)*	*$ 4*	*$ 363*
Net income	*$ 263*	*$ (54)*	*$ 23*	*$ (120)*	*$ (81)*	*$ (3)*	*$ (60)*	*$ 4*	*$ 554*
Less: net income attributable to noncontrolling interest, net of tax	*$ 12*	*$ —*	*$ —*	*$ —*	*$ —*	*$ —*	*$ —*	*$ —*	*$ 12*
Net income attributable to CSC common stockholders	*$ 251*	*$ (54)*	*$ 23*	*$ (120)*	*$ (81)*	*$ (3)*	*$ (60)*	*$ 4*	*$ 542*
Effective Tax Rate	*(620.0)%*								*14.6%*
Basic EPS from continuing operations	*$ 0.51*	*$ (0.39)*	*$ 0.17*	*$ (0.87)*	*$ (0.59)*	*$ (0.02)*	*$ (0.43)*	*$ 0.03*	*$ 2.63*
Diluted EPS from continuing operations	*$ 0.50*	*$ (0.38)*	*$ 0.16*	*$ (0.85)*	*$ (0.57)*	*$ (0.02)*	*$ (0.42)*	*$ 0.03*	*$ 2.57*
Weighted average common shares outstanding for:									
Basic EPS	*138.281*	*138.281*	*138.281*	*138.281*	*138.281*	*138.281*	*138.281*	*138.281*	*138.281*
Diluted EPS	*141.329*	*141.329*	*141.329*	*141.329*	*141.329*	*141.329*	*141.329*	*141.329*	*141.329*

* *The net periodic pension cost within income from continuing operations includes $49 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $179 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.*

	Twelve Months Ended April 3, 2015							
(Amounts in millions, except per-share amounts)	As reported	Certain CSRA overhead costs	U.S. Pension & OPEB	Pension & OPEB actuarial & settlement losses	SEC settlement related charges	Special restructuring costs	Tax valuation allowance & adjustments	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 6,159	$ (32)	$ 43	$ (525)	$ —	$ —	$ —	$ 5,645
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	$ 1,220	$ (72)	$ 8	$ (59)	$ (3)	$ —	$ —	$ 1,094
(Loss) income from continuing operations, before taxes	$ (671)	$ (104)	$ 51	$ (584)	$ (200)	$ (241)	$ —	$ 407
Income tax (benefit) expense	$ (464)	$ (40)	$ 20	$ (135)	$ (2)	$ (50)	$ (338)	$ 81
(Loss) income from continuing operations	$ (207)	$ (64)	$ 31	$ (449)	$ (198)	$ (191)	$ 338	$ 326
Net income (loss)	$ 17	$ (64)	$ 31	$ (449)	$ (198)	$ (191)	$ 338	$ 550
Less: net income attributable to noncontrolling interest, net of tax	$ 15	$ —	$ —	$ —	$ —	$ —	$ —	$ 15
Net income (loss) attributable to CSC common stockholders	$ 2	$ (64)	$ 31	$ (449)	$ (198)	$ (191)	$ 338	$ 535
Effective Tax Rate	69.2%							19.9%
Basic EPS from continuing operations	$ (1.45)	$ (0.45)	$ 0.22	$ (3.15)	$ (1.39)	$ (1.34)	$ 2.37	$ 2.29
Diluted EPS from continuing operations	$ (1.45)	$ (0.44)	$ 0.21	$ (3.08)	$ (1.36)	$ (1.31)	$ 2.32	$ 2.24
Weighted average common shares outstanding for:								
Basic EPS	142.557	142.557	142.557	142.557	142.557	142.557	142.557	142.557
Diluted EPS	142.557	145.780	145.780	145.780	145.780	145.780	145.780	145.780

* The net periodic pension cost within income from continuing operations includes $298 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $223 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.

	Twelve Months Ended March 28, 2014						
(Amounts in millions, except per-share amounts)	As reported	Certain CSRA overhead costs	U.S. Pension & OPEB	Pension & OPEB actuarial & settlement gains	Reversal of contingent consideration	Tax adjustment	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 6,032	$ (36)	$ 26	$ 170	$ —	$ —	$ 6,192
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	$ 1,099	$ (65)	$ 4	$ 47	$ 21	$ —	$ 1,106
Income (loss) from continuing operations, before taxes	$ 694	$ (101)	$ 30	$ 217	$ 21	$ —	$ 527
Income tax expense (benefit)	$ 174	$ (40)	$ 12	$ 68	$ 6	$ 23	$ 105
Income (loss) from continuing operations	$ 520	$ (61)	$ 18	$ 149	$ 15	$ (23)	$ 422
Net income (loss)	$ 968	$ (61)	$ 18	$ 149	$ 15	$ (23)	$ 870
Less: net income attributable to noncontrolling interest, net of tax	$ 21	$ —	$ —	$ —	$ —	$ —	$ 21
Net income (loss) attributable to CSC common stockholders	$ 947	$ (61)	$ 18	$ 149	$ 15	$ (23)	$ 849
Effective Tax Rate	25.1%						19.9%
Basic EPS from continuing operations	$ 3.52	$ (0.41)	$ 0.12	$ 1.01	$ 0.10	$ (0.16)	$ 2.86
Diluted EPS from continuing operations	$ 3.45	$ (0.40)	$ 0.12	$ 0.99	$ 0.10	$ (0.15)	$ 2.79
Weighted average common shares outstanding for:							
Basic EPS	147.647	147.647	147.647	147.647	147.647	147.647	147.647
Diluted EPS	150.761	150.761	150.761	150.761	150.761	150.761	150.761

* The net periodic pension cost within income from continuing operations includes $242 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $186 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.

- The Company announced contract awards[5] of $8.6 billion, including GBS segment awards of $4.3 billion and GIS segment awards of $4.3 billion.

- Days Sales Outstanding (DSO)[6] was 83 days at April 1, 2016, an increase from 75 days at April 3, 2015.

- Net debt-to-total capitalization ratio[7] was 31.4% at the end of fiscal 2016, an increase from 8.1% at the end of fiscal 2015.

- Cash provided by operating activities was $802 million, as compared to $1.5 billion during fiscal 2015. Cash used in investing activities was $1.2 billion, as compared to $536 million during fiscal 2015. Cash used in financing activities was $485 million, as compared to $1.1 billion during fiscal 2015.

- Free cash flow[8] was $319 million, as compared to $757 million in fiscal 2015.

[5] *Business awards for GBS & GIS are estimated at the time of contract signing based on then existing projections of service volumes and currency exchange rates, and include approved option years. Segment awards may not add to total awards due to rounding.*

[6] *DSO is calculated as total receivables at the fiscal period end divided by revenue-per-day. Revenue-per-day equals total revenues divided by the number of days in the fiscal period. Total receivables include unbilled receivables but excludes income tax receivables and long-term receivables.*

[7] *Net debt and Net debt-to-total capitalization are non-GAAP measures used by management to assess the Company's ability to service its debts using only its cash and cash equivalents. CSC presents these non-GAAP measures to assist investors in analyzing the Company's capital structure in a more comprehensive way compared to gross debt based ratios alone. Net debt-to-total capitalization ratio is defined as total current and long-term debt less total cash and cash equivalents divided by the sum of total debt and equity, including noncontrolling interest.*

[8] *Free cash flow is a non-GAAP measure and the Company's definition of such measure may differ from that used by other companies. CSC defines free cash flow as equal to the sum of (1) operating cash flows, (2) investing cash flows, excluding business acquisitions, dispositions and investments (including short-term investments and purchase or sale of available for sale securities) and (3) payments on capital leases and other long-term asset financings. Free cash flow is further adjusted for certain non-recurring cash flow items, such as (i) payments related to separation and transaction costs related to fiscal 2016 acquisitions, (ii) payments related to certain restructuring, (iii) SEC settlement related payments, (iv) benefit from the sale of accounts receivables and (v) certain CSRA overhead costs.*

CSC's free cash flow measure does not distinguish operating cash flows from investing cash flows as they are required to be presented in accordance with GAAP, and should not be considered a substitute for operating and investing cash flows as determined in accordance with GAAP. Free cash flow is one of the factors CSC management uses in reviewing the overall performance of the business. Management compensates for the limitations of this non-GAAP measure by also reviewing the GAAP measures of operating, investing and financing cash flows. CSC's free cash flow measure includes CSRA through the date of Separation. A reconciliation of free cash flow to the most directly comparable GAAP financial measure is presented below:

	Twelve Months Ended		
(Amounts in millions)	***April 1, 2016***	***April 3, 2015***	***March 28, 2014***
Net cash provided by operating activities[a]	*$ 802*	*$ 1,473*	*$ 1,577*
Net cash used in investing activities[b]	*(1,126)*	*(536)*	*(566)*
Acquisitions, net of cash acquired	*554*	*49*	*190*
Business dispositions	*(37)*	*13*	*(248)*
Short-term investments	*70*	*—*	*(5)*
Payments on capital leases and other long-term asset financings	*(166)*	*(242)*	*(242)*
Payments on separation and other transaction costs	*79*	*—*	*—*
Payments on restructuring costs	*173*	*—*	*—*
SEC settlement-related payments	*187*	*—*	*—*
Sale of NPS accounts receivables	*(239)*	*—*	*—*
Certain CSRA overhead costs	*22*	*—*	*—*
Free cash flow	*$ 319*	*$ 757*	*$ 706*

[a] *Amounts have been adjusted as a result of the adoption of ASU 2016-09 (see Note 1 of the Notes to the Consolidated Financial Statements).*
[b] *Excludes capital expenditures financed through CSC Finco.*

Results of Operations

Revenues

Revenues for the GBS and GIS segments for fiscal 2016, 2015, and 2014 were as follows:

	Twelve Months Ended				
	April 1, 2016		April 3, 2015		March 28, 2014
(Amounts in millions)	Amount	Percent Change	Amount	Percent Change	Amount
GBS	$ 3,637	(9.9)%	$ 4,036	(6.6)%	$ 4,321
GIS	3,469	(15.0)%	4,081	(10.9)%	4,578
Total Revenue	$ 7,106	(12.5)%	$ 8,117	(8.8)%	$ 8,899

The major factors impacting the percent change in revenues are as follows:

Twelve Months Ended April 1, 2016 vs. April 3, 2015	Acquisitions	Approximate Impact of Currency Fluctuations	Organic Growth (Decline)	Total
GBS	1.6%	(6.1)%	(5.4)%	(9.9)%
GIS	0.9%	(5.4)%	(10.5)%	(15.0)%
Cumulative Net Percentage	1.2%	(5.8)%	(7.9)%	(12.5)%

Twelve Months Ended April 3, 2015 vs. March 28, 2014	Acquisitions	Approximate Impact of Currency Fluctuations	Organic Growth (Decline)	Total
GBS	—%	(1.9)%	(4.7)%	(6.6)%
GIS	0.5%	(1.5)%	(9.9)%	(10.9)%
Cumulative Net Percentage	0.3%	(1.7)%	(7.4)%	(8.8)%

The Company's fiscal 2016 revenue decreased $1.0 billion as compared to fiscal 2015. This decrease was primarily due to a reduction in organic revenue of $644 million and the adverse impact of foreign currency movement of $467 million, partially offset by $100 million of revenue from acquisitions. The fiscal 2016 revenue reduction was due to revenue reductions from contract terminations and conclusions and contractual price reductions more than offsetting revenues from new business and acquisitions.

The Company's fiscal 2015 revenue decreased $782 million as compared to fiscal 2014. This decrease was primarily due to a reduction in organic revenue of $660 million and the adverse impact of foreign currency movement of $148 million, partially offset by $26 million of revenue from acquisitions. The fiscal 2015 revenue reduction was due to revenues from new business not keeping pace with revenue reductions due to contract completion and termination and contractual price reductions.

Global Business Services

Fiscal 2016

GBS segment revenue decreased $399 million, or 9.9%, as compared to fiscal 2015. In constant currency, revenue decreased $154 million or 3.8%, which was an improvement as compared to the fiscal 2015 revenue decrease in constant currency of 4.7%. The unfavorable foreign currency impact of $245 million, or 61.4% of the year-over-year decrease, was due to the strengthening of the U.S. dollar against most currencies. The revenue decrease in constant currency included revenue from the extra week in the first quarter of fiscal 2015, which did not recur in fiscal 2016.

Included in fiscal 2016 revenue is acquisition revenue of $65 million from the acquisition of Fruition Partners, Axon, and UXC, which were completed late in the second, third, and fourth quarters of fiscal 2016, respectively.

The decrease in GBS' revenue in constant currency of $154 million was mainly due to reduced revenue within its applications and consulting businesses, partially offset by revenue increases in the Big Data offering. Reduced applications revenue resulted from contracts that concluded, which more than offset revenue from new contracts and the acquisitions mentioned above. Lower consulting revenue was due to lower project volumes and contract conclusions. Higher big data revenues resulted from increased revenues from both existing contracts and new business.

During fiscal 2016, GBS had contract awards of $4.3 billion compared to $4.7 billion in fiscal 2015.

Fiscal 2015

GBS segment revenue decreased $285 million, or 6.6%, as compared to fiscal 2014. In constant currency, revenue decreased $205 million, or 4.7%. The unfavorable foreign currency impact was due to the strengthening of the U.S. dollar against most currencies except the British pound.

The decrease in GBS' revenue in constant currency of $205 million was mainly due to lower revenue from its consulting and applications offerings. These consulting revenue decreases were primarily due to project completions not fully offset by new business. The consulting revenue was also adversely impacted by the continuing repositioning of the business from a partner-led model to a more industry-focused technology consulting model. The U.K. region, where the repositioning of the consulting business was first initiated had year-over-year revenue increases. In addition, the consulting revenues' year-over-year trend was adversely impacted by $36 million of revenue recognized in fiscal 2014 resulting from initiation of revenue recognition on a contract which had previously deferred revenue under software accounting rules. The decrease in applications business was due to contracts winding down or completed which were not fully replaced by new business. These decreases in GBS revenue were partially offset by $23 million of adverse fiscal 2014 revenue adjustments, within the industry software and solutions group, which did not repeat in fiscal 2015.

During fiscal 2015, GBS had contract awards of $4.7 billion compared to $6.1 billion in fiscal 2014.

Global Infrastructure Services

Fiscal 2016

GIS segment revenue decreased $612 million, or 15.0%, as compared to fiscal 2015. In constant currency, revenue decreased $390 million, or 9.6%. The unfavorable foreign currency impact of $222 million, or 36.3% of the year-over-year decrease, was due to the strengthening of the U.S. dollar against most currencies. The revenue decrease in constant currency included revenue from the extra week in the first quarter of fiscal 2015, which did not recur in fiscal 2016.

Included in fiscal 2016 revenue is acquisition revenue of $35 million from the acquisitions of Fixnetix and UXC which were completed late in the second and fourth quarters of fiscal 2016, respectively.

The decrease in GIS' revenue in constant currency of $390 million was due to reduced revenue from contracts that terminated or concluded as well as an unfavorable impact from price-downs and contract restructurings. These revenue decreases were partially offset by an increase in revenues from new contracts and the acquisition revenue mentioned above.

During fiscal 2016, GIS had contract awards with a total value of $4.3 billion compared to $4.1 billion during fiscal 2015.

Fiscal 2015

GIS segment revenue decreased $497 million, or 10.9%, as compared to fiscal 2014. In constant currency, revenue decreased $429 million, or 9.4%. The unfavorable foreign currency impact was due to the strengthening of the U.S. dollar against most currencies except the British pound.

The decrease in GIS' revenue for fiscal 2015 of $429 million was due to reduced revenue of $252 million from contracts that terminated or concluded, lower revenue of $354 million due to price-downs and restructured contracts, and $31 million of lower pass-through revenue. Partially offsetting these decreases was increased revenue of $208 million from new business and net growth on existing contracts, and from the next generation cloud and cyber security offerings.

During fiscal 2015, GIS had contract awards with a total value of $4.1 billion as compared to $4.1 billion during fiscal 2014.

Costs and Expenses

The Company's total costs and expenses were as follows:

	Twelve Months Ended			Percentage of Revenue		
Dollars in millions	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**	**2016**	**2015**	**2014**
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 5,185	$ 6,159	$ 6,032	73.0%	76.0%	67.8%
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,040	1,220	1,099	14.6	15.0	12.3
Selling, general and administrative - SEC settlement related charges	—	197	—	—	2.4	—
Depreciation and amortization	658	840	870	9.3	10.3	9.8
Restructuring costs	23	256	74	0.3	3.2	0.8
Separation costs	19	—	—	0.3	—	—
Interest expense, net	85	106	112	1.2	1.3	1.3
Debt extinguishment costs	95	—	—	1.3	—	—
Other (income) expense, net	(9)	10	18	(0.1)	0.1	0.2
Total costs and expenses	$ 7,096	$ 8,788	$ 8,205	99.9%	108.3%	92.2%

The year-over-year trend of total costs has been impacted by the recognition of actuarial and pension settlement (gains) losses (see Note 14 of the Notes to the Consolidated Financial Statements). Total costs for fiscal 2016 decreased by $484 million as compared to fiscal 2015, and total costs for fiscal 2015 increased $801 million as compared to fiscal 2014, due to actuarial and pension settlement (gains) losses. Excluding the impact of actuarial and pension settlement (gains) losses and restructuring costs, the total costs as a percentage of revenue for fiscal 2016, 2015, and 2014 were 98.5%, 97.9%, and 93.8%, respectively.

Costs of services include $100 million, $525 million, and $(170) million of actuarial and pension settlement losses (gains) for fiscal 2016, 2015, and 2014, respectively. Similarly, selling, general and administrative expenses include $(1) million, $59 million, and $(47) million of actuarial and pension settlement losses (gains) for fiscal 2016, 2015, and 2014, respectively.

Costs of Services

Fiscal 2016

Costs of services (COS), as a percentage of revenue, excluding restructuring charges and depreciation and amortization, decreased to 73.0% for fiscal 2016 from 76.0% for fiscal 2015. The amount of restructuring charges, net of reversals, excluded from COS was $7 million and $248 million for fiscal 2016 and 2015, respectively.

The decrease in the COS ratio for fiscal 2016 was primarily a result of the $425 million year-over-year favorable change in the recognition of actuarial and pension settlement losses. During fiscal 2016 and 2015, the Company recognized $100 million and $525 million, respectively, of actuarial and pension settlement losses in COS, resulting from the remeasurement of pension assets and liabilities associated with the Company's defined benefit pension plans.

Excluding the impact of the pension adjustments described above, the COS ratio increased 2.2% to 71.6% during fiscal 2016. The increase in the COS ratio was driven primarily by the reduction in revenue, which more than offset the decrease in COS. The net reduction in COS was a result of management's cost reduction initiatives, including reduced headcount, that sought to align the Company's cost structure with business needs. The increase in the COS ratio was partially offset by a gain of $31 million on the sale of certain intangible assets.

Fiscal 2015

COS, excluding restructuring charges of $248 million and $68 million, for fiscal 2015 and 2014, respectively, and depreciation and amortization, as a percentage of revenue increased to 76.0% for fiscal 2015 from 67.8% for fiscal 2014. The increase in the COS ratio is attributable to the year-over-year unfavorable impact of $695 million resulting from the recognition of pension and OPEB actuarial losses associated with the Company's defined benefit plans. For fiscal 2015, the Company recognized $525 million of actuarial losses, as compared to $170 million of net actuarial gains in fiscal 2014. Excluding the impact of the pension adjustments described above, the COS ratio for fiscal 2015 was 69.4%, a decrease of 0.3% points from the fiscal 2014 ratio of 69.7%.

The decrease in the COS ratio, was largely due to lower year-over-year headcount resulting from management's restructuring efforts that were directed to align resources to support business needs, and other initiatives to reduce costs. The reduction in the COS ratio due to these activities more than offset the impact of decreased revenues. In addition, the COS ratio benefited from the gain of $53 million on the sale of certain intangible assets.

Selling, General and Administrative

Fiscal 2016

Selling, general and administrative (SG&A) expense, excluding restructuring charges of $16 million and $8 million for fiscal 2016 and 2015, respectively, as a percentage of revenue, decreased slightly to 14.6% for fiscal 2016 from 15.0% for fiscal 2015.

The SG&A ratio for fiscal 2016 was impacted by the year-over-year favorable change in the recognition of actuarial and pension settlement losses. The Company recognized no actuarial and pension settlement losses in SG&A during fiscal 2016. Comparatively, during fiscal 2015, the Company recognized $59 million of actuarial and pension settlement losses in SG&A, resulting from the remeasurement of pension assets and liabilities associated with the Company's defined benefit pension plans.

Excluding the impact of the pension adjustments described above, the SG&A ratio increased 0.3% for fiscal 2016. The increase in the SG&A ratio was driven primarily by the reduction in revenue, which more than offset the decrease in SG&A. The lower SG&A costs during fiscal 2016 were primarily the result of management's cost reduction initiatives that sought to align the Company's cost structure with business needs and a settlement recovery of $16 million.

Corporate G&A for fiscal 2016 was $216 million, as compared to $230 million for 2015. The decrease in Corporate G&A was due to continuance of management's overhead reduction initiatives.

Fiscal 2015

SG&A expense, excluding the SEC settlement related charges of $197 million and restructuring charges of $8 million and $6 million for fiscal 2015 and 2014, respectively, as a percentage of revenue, increased to 15.0% for fiscal 2015 from 12.3% for fiscal 2014.

The increase in the fiscal 2015 SG&A ratio was primarily attributable to the year-over-year unfavorable $106 million impact resulting from recognition of pension and OPEB actuarial losses associated with the Company's defined benefit plans. For fiscal 2015, the Company recognized $59 million of net actuarial losses, compared to $47 million of net actuarial gains in fiscal 2014. The fiscal 2015 SG&A ratio was also unfavorably impacted by a $21 million gain recognized in fiscal 2014, resulting from reversal of contingent consideration related to the fiscal 2014 acquisition of ServiceMesh, Inc., (see Note 3 of the Notes to the Consolidated Financial Statements). Excluding the impact of the pension and OPEB adjustments and the ServiceMesh related gain, the SG&A ratio for fiscal 2015 was 14.3%, an increase of 1.2% from the fiscal 2014 ratio of 13.1%.

The higher SG&A ratio for fiscal 2015 was due to lower revenues, an increase in bid and proposal spend mainly within the GIS segment, and greater investments in the sales coverage and sales support functions. The year-over-year SG&A ratio comparison was also adversely impacted due to redirecting of certain account-focused executives, who were previously engaged in contract delivery activities and included within COS, to focus on sales activities effective the second quarter of fiscal 2014.

Corporate G&A for fiscal 2015 was $230 million, as compared to $245 million for 2014. The decrease in Corporate G&A was the result of management's overhead reduction initiatives.

Selling, general and administrative - SEC settlement related charges

During the third quarter of fiscal 2015, the Company reached an understanding with the staff of the SEC regarding a settlement of a formal civil investigation by the SEC that commenced on January 28, 2011 and covered a range of matters as previously disclosed, including certain of the Company's prior disclosures and accounting determinations. As part of the Company’s understanding with the staff of the SEC regarding terms of the settlement, the Company agreed to pay a penalty of $190 million and to implement a review of its compliance policies through an independent compliance consultant. The Company recorded pre-tax charges of $197 million for the penalty and related expenses in fiscal 2015.

During the first quarter of fiscal 2016, the agreed-upon settlement with the SEC was formally approved by the SEC and became effective on June 5, 2015 and the Company has agreed, in addition to the payment of the fine and the engagement of the compliance consultant referenced above, to cease and desist from further violations of the anti-fraud, reporting, and books-and-records provisions of the U.S. securities laws. As part of the settlement, the Company has neither admitted nor denied the SEC’s allegations concerning such matters. Further, as part of the settlement, on June 5, 2015, the Company filed its Form 10-K/A in respect of its fiscal year ended March 28, 2014 in order to restate its financial statements for fiscal 2012 and its summary financial results for fiscal 2011 and 2010 reflected in the five-year financial data table, all as previously set forth in the Company’s originally filed Form 10-K for its 2014 fiscal year. The restatement had no impact on the Company’s Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Income (Loss), Statements of Cash Flows and Statements of Changes in Equity for fiscal 2013 or fiscal 2014 or on its financial statements for fiscal 2015. The independent compliance consultant completed its review of the Company's compliance policies and submitted its report to the SEC on October 2, 2015. The Company has completed implementation of the consultant's recommendations. See Note 2 of the Notes to the Consolidated Financial Statements for additional information regarding the settlement of the SEC investigation.

Depreciation and Amortization

Fiscal 2016

Depreciation and amortization (D&A) as a percentage of revenue decreased to 9.3% for fiscal 2016 from 10.3% for fiscal 2015. The decrease in the ratio was primarily driven by lower D&A within the GIS segment as a result of lower capital expenditures and due to sale of contract assets to customers where contracts had concluded.

Fiscal 2015

D&A as a percentage of revenue increased to 10.3% for fiscal 2015 from 9.8% for fiscal 2014, primarily due to decreased revenues.

Restructuring Costs

Total restructuring costs recorded, net of reversals, during fiscal 2016, 2015, and 2014 were $23 million, $256 million, and $74 million, respectively. The net amounts recorded included $7 million, $3 million and $22 million of pension benefit augmentations for fiscal 2016, 2015, and 2014, respectively, owed to certain employees under legal or contractual obligations. These augmentations will be paid as part of normal pension distributions over several years.

During fiscal 2016, the Company initiated restructuring actions (the Fiscal 2016 Plan) across its business segments. The objectives of the Fiscal 2016 Plan are to optimize utilization of facilities and right size overhead organizations as a result of the separation of CSRA.

The Company initiated restructuring actions during fiscal 2015 (the Fiscal 2015 Plan) to further reduce headcount in order to align resources to support business needs. As part of this plan, the Company recorded a special restructuring charge of $241 million in the fourth quarter of fiscal 2015 to accelerate efforts to optimize the workforce in high cost markets, particularly in Europe, address its labor pyramid and right-shore its labor mix.

Under a plan that commenced during the fourth quarter of fiscal 2012 (the Fiscal 2013 Plan), the Company continued its efforts to reduce costs, resulting in additional workforce and facilities-related restructuring. These actions related primarily to reducing headcount to align resources to support business needs, including an assessment of management span of control and layers, and to further increase the use of lower off-shore resource costs.

See Note 20 of the Notes to the Consolidated Financial Statements for further discussion.

Separation Costs

Costs associated with activities relating to the Separation of CSRA, which occurred during the third quarter of fiscal 2016, are expensed when incurred. These costs are comprised primarily of third-party accounting, legal and other consulting services. Separation costs were $19 million for fiscal 2016. There were no separation costs recorded in prior years.

Interest Expense and Interest Income

Fiscal 2016

Interest expense for fiscal 2016 was $123 million as compared to $126 million in fiscal 2015. The year-over-year decrease in interest expense for fiscal 2016 was primarily due to lower interest rates than the prior year, which more than offset the increase in borrowings. Included in interest expense for fiscal 2016 is a write-off of $2 million of deferred costs and discount related to the redemption of the 6.50% term notes due March 2018 during the fourth quarter of fiscal 2016.

Interest income for fiscal 2016 was $38 million as compared to $20 million in fiscal 2015. The increase in interest income for fiscal 2016 resulted both from higher interest rates in some of the jurisdictions where the Company holds balances and principally from increased payments from banks for higher compensating deposit balances in the Company's cash management operations and notional pooling arrangements that are counterbalanced by higher overdraft fees and interest expense.

Fiscal 2015

There were no significant year-over-year changes in interest expense and interest income. Interest expense for fiscal 2015 was $126 million as compared to $128 million in fiscal 2014. Interest income for fiscal 2015 was $20 million as compared to $16 million in fiscal 2014.

Debt Extinguishment Costs

During fiscal 2016, the Company redeemed all outstanding 6.50% term notes due March 2018 at par plus redemption premiums related to a make-whole provision and accrued interest. The Company recorded $95 million of debt extinguishment costs, which consists primarily of the redemption premiums mentioned above, within the Consolidated Statement of Operations for fiscal 2016. There were no debt extinguishment costs recorded in prior years.

See Note 13 of the Notes to the Consolidated Financial Statements for further discussion.

Other (Income) Expense, Net

The components of other (income) expense, net for fiscal 2016, fiscal 2015, and fiscal 2014 are:

	Twelve Months Ended		
(Amounts in millions)	April 1, 2016	April 3, 2015	March 28, 2014
Foreign currency (gain) loss	$ (1)	$ 11	$ 15
Other (gain) loss	(8)	(1)	3
Total other (income) expense, net	$ (9)	$ 10	$ 18

Fiscal 2016

Other (income) expense, net increased by $19 million primarily due to the $12 million year-over-year benefit of favorable movements in foreign currency exchange rates used to fair value the Company's foreign currency option and forward contracts and the related foreign currency denominated assets and liabilities, and a $6 million gain on sale of certain assets.

Fiscal 2015

Other (income) expense, net decreased by $8 million, most significantly due to a $4 million decrease in foreign currency loss resulting from a favorable movement in exchange rates between the U.S. dollar and the Indian Rupee.

Taxes

The Company's effective tax rate (ETR) on income (loss) from continuing operations for fiscal 2016, 2015, and 2014 was (620.0)%, (69.2)%, and 25.1%, respectively. As a global enterprise, our ETR is affected by many factors, including our global mix of earnings, the extent to which those global earnings are indefinitely reinvested outside the U.S., legislation, acquisitions, dispositions, and tax characteristics of our income. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. A reconciliation of the differences between the U.S. federal statutory rate and the ETR, as well as other information about our income tax provision, is provided in Note 12 of the Notes to the Consolidated Financial Statements.

In fiscal 2016, the ETR was primarily impacted by:

- The early adoption of Accounting Standards Update 2016-09 "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" (ASU 2016-09) resulted in a tax benefit from the excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- An increase in the overall valuation allowance primarily due to the divestiture of the Company's former NPS business division, which resulted in an increase in the valuation allowances related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the income tax benefit by $58 million and increased the ETR by 580%.
- The Company recognized adjustments to uncertain tax positions in the U.S. that increased the overall income tax benefit by $24 million and increased the ETR by 240%, respectively.

In fiscal 2015, the ETR was primarily impacted by:

- The impact of the non-deductible SEC settlement of $190 million, which decreased the income tax benefit and the ETR by $73 million and 10.9%, respectively.
- Local losses on investments in Luxembourg increased the foreign rate differential and the ETR by $325 million and 48.4%, respectively, with an offsetting decrease in the ETR due to an increase in the valuation allowance of the same amount.
- Changes in valuation allowances in certain jurisdictions, including a valuation allowance release in the U.K. The total impact of the valuation allowance release increased the income tax benefit and the ETR by $235 million and 35.0%, respectively. There was a net decrease in valuation allowances in fiscal 2015.

In fiscal 2014, the ETR was primarily impacted by:

- The Company recorded a tax expense of $10 million related to the previous restructuring of an operating subsidiary. This expense increased the ETR by 1.5%.
- A net increase in uncertain tax positions across various jurisdictions of $41 million which increased the ETR by 6.0%. The primary drivers of this increase in tax expense were related to various tax issues including transfer pricing and foreign exchange losses.
- A decrease in the valuation allowance determined on a tax jurisdictional basis due to a shift in the global mix of income which decreased tax expense and the ETR by $58 million and 8.4%, respectively.
- Local income on investment recoveries in Luxembourg (i) decreased the valuation allowance and the ETR by $91 million and 13.1%, respectively, and (ii) increased the foreign rate differential and ETR by $91 million and 13.1%, respectively.

As of April 1, 2016, in accordance with ASC 740, "Income Taxes," the Company’s liability for uncertain tax positions was $193 million, including interest of $33 million, penalties of $11 million, and net of tax attributes of $31 million. During the year ended April 1, 2016, the Company had a net decrease in interest of $6 million ($4 million net of tax) and an increase in accrued penalties of $2 million.

Significant management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. A valuation allowance has been recorded against deferred tax assets of approximately $1 billion as of April 1, 2016 due to uncertainties related to the ability to utilize these assets. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in various factors. In determining whether the deferred tax assets are realizable, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies, and recent financial operations.

The Company entered into negotiations for a resolution of the fiscal 2008 through 2010 audit through settlement with the IRS Office of Appeals. The IRS examined several issues for this audit that resulted in various audit adjustments. The Company agreed to extend the statute of limitations associated with the audit through November 30, 2016. During the fourth quarter of fiscal 2016, the Company and the IRS reached an agreement in principle as to the settlement terms and the Company remeasured its uncertain tax positions.

The Company has tax positions related to certain legislation that has historically been subject to annual extension, resulting in uncertainty related to the corresponding impact on future income tax results. For example, the Company has favorable positions related to the research & development tax credit, bonus depreciation, and the look-through rules related to Subpart F income. In 2015, Congress enacted the “Protecting Americans from Tax Hikes” (PATH) Act, which made several of these provisions permanent, or extended them for multiple years; which is favorable for the Company’s ability to forecast these impacts accurately in future years.

In May 2013, the India Finance Act 2013 introduced a share buyback tax. Additional legislation was passed effective in May 2015 that increased the share buyback tax rate to 23.07% and increased the dividend distribution tax rate to 20.36%, among other changes. The Company uses the lower undistributed tax rate to measure deferred taxes on inside basis differences, including undistributed earnings, of our India operations as these earnings are permanently reinvested. If the Company changes its intent and distributes such earnings either in the form of a dividend or a share buyback, dividend distribution tax or share buyback tax will be incurred.

The Finance Act of 2012 (the 2012 Finance Act) was signed into law in India on May 28, 2012. The Act provides for the taxation of indirect foreign investment in India, including on a retroactive basis. The Finance Act overrides the *Vodafone NL* ruling by the Supreme Court of India which held that the Indian Tax Authorities cannot assess capital gains taxes on the sale of shares of non-Indian companies that indirectly own shares in an Indian company. The retroactive nature of these changes in law has been strongly criticized. The 2012 Finance Act has been challenged in the Indian courts. However, there is no assurance that such a challenge will be successful. CSC has engaged in the purchase of shares of foreign companies that indirectly own shares of an Indian company and internal reorganizations. The Indian tax authorities may seek to apply the provisions of the 2012 Finance Act to these prior transactions and seek to tax CSC directly or as a withholding agent or representative assessee of the sellers involved in prior acquisitions. The Company believes that the 2012 Finance Act does not apply to these prior acquisitions and that it has strong defenses against any claims that might be raised by the Indian tax authorities.

The U.K. Finance Act 2016 (Finance Act) is expected to be enacted sometime in third quarter of fiscal 2017. When the 2016 Budget was presented on March 16, 2016, various measures were announced that could have an impact on CSC’s future financial results in the U.K. The proposed legislation will impose restrictions on the utilization of prior period losses against current period profits, limitations on interest deductions, and changes to anti-hybrid rules and an expansion in the scope of withholding taxes to certain intangible assets. As the detail of the legislation has yet to be finalized or enacted, it is difficult at this stage to determine the impact of the Finance Act on CSC’s future financial results in the U.K. at this time.

Additionally, the 2016 budget proposed a reduction in the main rate of U.K. corporation tax to 17.0% effective April 1, 2020. This legislation is due to be enacted in fiscal 2017 and is expected to reduce the value of the Company’s U.K. deferred tax assets by approximately $7 million.

The German Tax Authority audit of fiscal 2006 through 2009 was also closed during the fiscal year, resulting in a cash payment of approximately $11 million and a reduction in tax losses carried forward of $90 million. Provision for these amounts was made during fiscal 2015; and therefore, closure of this audit did not result in any tax expense or benefit in fiscal 2016.

Income from Discontinued Operations

In fiscal 2016, the Company completed its Separation from CSRA which was comprised primarily of the NPS reportable segment. Income from discontinued operations, net of taxes, for fiscal 2016, 2015, and 2014, primarily reflects the Separation from CSRA. Refer to Note 4 of the Notes to the Consolidated Financial Statements for further information.

In addition to the Separation from CSRA, the Company divested certain non-core businesses as a part of its service portfolio optimization initiative to focus on next-generation technology services during fiscal 2016, 2015, and 2014,. During fiscal 2016, the Company divested its wholly owned subsidiary, Welkin, which was included within the NPS segment, and in fiscal 2015, the Company divested a German software business within the GBS segment. Fiscal 2014 divestitures included ATD from within the NPS segment and the flood insurance business from within the GBS segment. All fiscal 2016, 2015 and 2014 divestitures have been included within Income from discontinued operations, net of taxes in the Consolidated Statements of Operations.

The fiscal 2016, 2015 and 2014 Income from discontinued operations, net of taxes, was $191 million, $224 million and $448 million, respectively. Income from discontinued operations, net of taxes included $(18) million and $86 million of (loss) gain on disposition, net of taxes from the sale of the businesses for fiscal 2015 and 2014, respectively.

Earnings (Loss) Per Share and Share Base

Fiscal 2016

Diluted EPS for fiscal 2016 was $1.78 which was an increase of $1.77 from fiscal 2015. Diluted EPS from continuing operations in fiscal 2016 increased $1.95 and diluted EPS from discontinued operations decreased $0.18 when compared to fiscal 2015 results.

Diluted EPS from continuing operations increased primarily due to the following items (on pre-tax basis):

- Year-over-year favorable change in pension and OPEB actuarial and settlement losses of $485 million, or $3.43 per share;
- Non-recurrence of fiscal 2015 special restructuring charges of $241 million, or $1.71 per share;
- Non-recurrence of fiscal 2015 SEC settlement and related charges of $200 million, or 1.42 per share; and,
- Partially offset by debt extinguishment costs of $95 million, or (0.67) per share.

Additionally, diluted EPS from continuing operations was adversely impacted by the non-recurrence of the fiscal 2015 tax benefit from the reversal of a valuation allowance of $264 million, or $(1.87) per share.

The decrease in diluted EPS from discontinued operations resulted primarily from a decrease in net income attributable to discontinued operations associated with the Separation of CSRA partially offset by the non-recurrence of the fiscal 2015 loss on disposition of GBS' German software business,

Fiscal 2015

Diluted EPS for fiscal 2015 was $0.01 which was a decrease of $6.27 compared to fiscal 2014. Diluted EPS from continuing operations for fiscal 2015 decreased $4.90, and diluted EPS from discontinued operations decreased $1.37 over fiscal 2014..

Diluted EPS from continuing operations decreased primarily due to the following items (on pre-tax basis):

- Year-over-year unfavorable change in pension and OPEB actuarial and settlement losses of $801 million, or $(5.62) per share;
- SEC settlement and related charges and other of $200 million, or $(1.40) per share; and,
- Special restructuring charges of $241 million, or $(1.69) per share;
- Partially offset by tax benefit from reversal of a valuation allowance of $264 million, or $1.85 per share.

The decrease in diluted EPS from discontinued operations resulted primarily from the Separation of CSRA, and the non-recurrence of the fiscal 2014 gain on disposition of NPS' ATD division and GBS' flood insurance-related business process outsourcing practice.

Financial Condition

Cash Flows

Amounts in millions	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash provided by operating activities	$ 802	$ 1,473	$ 1,577
Net cash used in investing activities	(1,180)	(536)	(566)
Net cash used in financing activities	(485)	(1,078)	(616)
Effect of exchange rate changes on cash and cash equivalents	(57)	(204)	(6)
Net (decrease) increase in cash and cash equivalents	(920)	(345)	389
Cash and cash equivalents at beginning of year	2,098	2,443	2,054
Cash and cash equivalents at end of year	$ 1,178	$ 2,098	$ 2,443

Operating Cash Flow

Net cash provided by operating activities during fiscal 2016 was $802 million, which decreased $671 million as compared to fiscal 2015. The decrease was due to a decrease in accounts payable from the decline in the Company's overall operating expenses of $232 million, a payment of $190 million related to the SEC settlement (see Note 2 of the Notes to the Consolidated Financial Statements), lower collections of receivables of $108 million , $86 million of increased restructuring payments, $79 million of separation payments, $22 million paid for certain CSRA overhead costs; and a $176 million decrease from fiscal year 2015 in net income adjusted for non-cash transactions. These cash flow decreases were partially offset by net proceeds of $239 million related to the sale of certain NPS receivables (see Note 6 of the Notes to the Consolidated Financial Statements).

Net cash provided by operating activities during fiscal 2015 was $1,473 million, which decreased $104 million as compared to fiscal 2014. This decrease was primarily the result of lower cash receipts from customers due to decreased fiscal 2015 revenues, partially offset by reduced payroll disbursements resulting from a lower headcount, lower restructuring payments and lower contributions to defined benefit pension and OPEB plans.

Investing Cash Flow

Net cash used in investing activities during fiscal 2016 of $1.2 billion increased $644 million compared to fiscal 2015. The increase in outflow was primarily due to $505 million of greater payments for business acquisitions (see Note 3 of the Notes to the Consolidated Financial Statements), $70 million in short-term investing in Xchanging PLC and $94 million less cash received from the sale of assets. These increases were partially offset by proceeds from business divestitures of $50 million (see Note 4 of the Notes to the Consolidated Financial Statements).

Net cash used in investing activities during fiscal 2015 of $536 million decreased $30 million compared to fiscal 2014. The decrease in cash used for investing activities primarily resulted from a net decrease of $261 million on business divestitures, $141 million less spent on acquisitions and $39 million less in capital expenditures. These decreases were partially offset by an increase from the sale of contract assets to customers upon contract termination of $117 million. See Notes 3 and 4 of the Notes to the Consolidated Financial Statements for additional details on acquisitions and dispositions.

Financing Cash Flow

Net cash used in financing activities during fiscal 2016 was $485 million, a decrease of $593 million from fiscal 2015. The decrease was primarily due to $769 million of lower share repurchases, increased net commercial paper borrowings of $558 million, increased net lines of credit borrowings of $381 million, and net of borrowings related to the separation of CSRA of $68 million. These items were partially offset by the special cash dividend paid of $313 million as part of the separation of CSRA (see Note 4 to the Consolidated Financial Statements), as well as higher net payments on long-term debt of $941 million.

Net cash used in financing activities during fiscal 2015 was $1,078 million, an increase of $462 million from fiscal 2014. The increase was primarily due to $321 million of higher share repurchases, and $221 million lower net proceeds from borrowings, partially offset by $98 million of contingent consideration paid in fiscal 2014 related to the Company's acquisition of ServiceMesh, Inc., which did not recur in fiscal 2015 (see Note 3 of the Notes to the Consolidated Financial Statements). The lower net proceeds from borrowings consists of $439 million of reduced borrowings offset by $218 million of lower principal repayments on borrowings.

Effect of exchange rate changes on cash and cash equivalents

In fiscal 2016 and fiscal 2015, the U.S. dollar strengthened against most of the major world currencies, particularly the British Pound and the Indian Rupee, resulting in a $57 million and $204 million adverse effect on cash and cash equivalents, respectively. Comparatively, in fiscal 2014, there was $6 million of adverse impact of exchange rate changes on cash and cash equivalents.

Liquidity and Capital Resources

Cash and cash equivalents

Cash and cash equivalents were $1.2 billion and $2.1 billion at April 1, 2016 and April 3, 2015, respectively. Of the total cash at April 1, 2016, $753 million was held in subsidiaries outside of the U.S. as compared to $1.2 billion at April 3, 2015. The year-over-year reduction in cash and cash equivalents resulted from the use of capital for strategic acquisitions and investments, and reducing high cost debt, which included the company's 6.50% term notes due March 2018. It is generally management's intent to permanently reinvest earnings of its foreign operations. Should the Company repatriate any portion of this cash as taxable dividends, it would be required to accrue and pay additional U.S. taxes. The Company has no current plans and does not anticipate repatriating cash to the U.S. as taxable dividends. During the second quarter of fiscal 2016, the Company repatriated $1.3 billion of cash, held in foreign subsidiaries to the U.S., by way of capital reduction without the incurrence of tax cost. The cash held outside of the U.S. can also be used to fund strategic acquisitions off-shore such as the fiscal 2016 acquisitions of UXC and Fixnetix.

Capitalization ratios

At the end of fiscal 2016, CSC's ratio of net debt-to-total capitalization was 31.4%, an increase from 8.1% at the end of fiscal 2015. This increase was primarily the result of an increase in net debt, due to the decrease in cash and cash equivalents mentioned above and the decrease in equity as a result of the Separation of CSRA. The following table summarizes the Company's capitalization ratios as of fiscal year end 2016 and 2015:

Amount in millions	**April 1, 2016**	**April 3, 2015**
Total debt	$ 2,644	$ 2,518
Cash and cash equivalents	1,178	2,076
Net debt[1]	$ 1,466	$ 442
Total debt	$ 2,644	$ 2,518
Equity	2,032	2,965
Total capitalization	$ 4,676	$ 5,483
Debt-to-total capitalization	56.5%	45.9%
Net debt-to-total capitalization[1]	31.4%	8.1%

[1] *Net debt and Net debt-to-total capitalization are non-GAAP measures used by management to assess the Company's ability to service its debts using only its cash and cash equivalents. We present these non-GAAP measures to assist investors in analyzing the Company's capital structure in a more comprehensive way compared to gross debt based ratios alone.*

Debt

At April 1, 2016, the Company had $710 million of short-term borrowings and current maturities of long-term debt, and $1.9 billion of long-term debt.

During fiscal 2016, the Company redeemed all outstanding 6.50% term notes due March 2018 at par plus redemption premiums related to a make-whole provision and accrued interest (the Redemption). The Redemption payments included $918 million in outstanding principal, accrued interest through the redemption dates of $26 million, and redemption premiums of $94 million. The Company recorded a $97 million net loss on extinguishment of debt associated with the Redemption, consisting of the redemption premiums mentioned above, a $1 million loss related to a cash flow hedge associated with the extinguished debt, and a write-off of unamortized debt discount and debt issuance costs of $2 million. The Redemption was funded from cash on hand and $675 million drawn from the Company's $2.5 billion credit facility (the Credit Facility).

Additionally, during fiscal 2016, the Company repaid its $68 million loan payable which was due March 2018, and repaid the $350 million 2.5% term note which matured in September 2015.

During the fourth quarter of fiscal 2016, the Company entered into a $525 million, (with an option that the commitments be increased to $775 million if the existing or other lenders are willing to provide such an increase) unsecured term loan agreement with a financial institution (Term Loan), under which commitments were increased to $575 million subsequent to the initial borrowing. The Term Loan, due March 2021, is payable on a quarterly basis at a rate of 5.00% of the original principal amount per year. At CSC's option, the Term Loan bears interest at a variable rate equal to the adjusted London interbank offered rate (Adjusted LIBOR) for a one, two, three, or six month interest period, plus a margin between 0.75% and 1.50% based on a pricing grid consistent with the Company's outstanding Credit Facility or the greater of the Prime Rate, the Federal Funds Rate plus 0.50%, or the Adjusted LIBOR for a one-month interest period plus 1.00%, in each case plus a margin of up to 0.50%, based on a pricing grid consistent with the Credit Facility. As of April 1, 2016, $575 million in borrowings were outstanding under the Term Loan. The Term Loan is guaranteed by the Company, and financial covenants associated with the Term Loan are the same as those associated with the Company's Credit Facility.

During the third quarter of fiscal 2016, the Company's subsidiary, CSC Computer Sciences UK Holdings Ltd., entered into a £200 million delayed-draw unsecured loan payable with a financial institution, with an option that the commitments be increased to £300 million if the existing or other lenders are willing to provide such an increase. On December 31, 2015, the full amount of the initial commitment, £200 million or $284 million (at the April 1, 2016 exchange rates) was borrowed. The loan is due January 2019 and bears interest at the three-month LIBOR rate plus 0.65%. The funding from this advance was used to pay down £200 million of the aggregate principal balance of an existing outstanding £250 million loan payable. The maturity date of the remaining £50 million or $71 million (at the April 1, 2016 exchange rates) principal balance was extended to May 2016. The loan is guaranteed by the Company, and financial covenants associated with the notes are the same as those associated with the Company's Credit facility. Subsequent to April 1, 2016 the £50 million loan payable due May 2016 was replaced with borrowings under the Credit Facility which the Company does not intend to repay within twelve months. The Company has excluded the £50 million or $71 million (at the April 1, 2016 exchange rates) loan payable due May 2016 from current liabilities accordingly.

During fiscal 2016, CSC drew down $2.2 billion on its $2.5 billion Credit Facility and repaid $1.8 billion of that amount. As of April 1, 2016 there was $395 million of borrowings outstanding against the $2.5 billion Credit Facility.

During the second quarter of fiscal 2016, CSC and two of its subsidiaries, CSC Capital Funding Limited (the Issuer) and CSC Computer Sciences S.a.r.l., established a European commercial paper program (the ECP Program) under which the Issuer may issue short-term commercial paper notes (the Notes) up to a maximum aggregate amount outstanding at any time of €500 million or its equivalent in alternative currencies. The maturities of the Notes may vary but may not exceed 364 days from the date of issuance. The Notes are unconditionally guaranteed by CSC and rank at least equal with all of the Company's other unsecured and unsubordinated indebtedness. The Company's Credit Facility is available, subject to certain conditions, to repay the Notes, if necessary. The Notes may be issued at a discount or bear a fixed or floating interest rate or a coupon calculated by reference to an index or formula. During fiscal 2016, the Company borrowed $821 million and repaid $263 million under the ECP Program. As of April 1, 2016, there was $559 million of commercial paper outstanding.

During fiscal 2015, CSC Asset Funding I LLC, which is a special purpose subsidiary of CSC Finance Co. LLC (CSC Finco), a wholly owned subsidiary of the Company, entered into a master loan and security agreement with a financial institution which provides for a $250 million committed Lease Credit Facility to finance CSC Finco's capital expenditures for IT equipment and associated software in support of IT services provided to the Company's customers. During the third quarter of fiscal 2016 the drawdown availability period was extended from 18 to 22 months. As of April 1, 2016, there were $49 million of borrowings against the Lease Credit Facility.

Subsequent to April 1, 2016, the Company entered into an amended and restated master loan and security agreement which decreased the maximum commitment under the Lease Credit Facility to $150 million and extended the drawdown period to November 2016.

Sale of receivables

During the first quarter of fiscal 2016 we entered into a Master Accounts Receivable Purchase Agreement with a financial institution, under which, CSC could sell up to $450 million of eligible trade receivables related to its former NPS segment. During the third quarter of fiscal 2016, in connection with the Separation of CSRA (see Note 4 of the Notes to the Consolidated Financial Statements), we ceased such receivables sales.

During fiscal 2016, CSC sold $1.7 billion of billed and unbilled receivables, of which $1.5 billion was collected prior to the Separation. We incurred purchase discount and administrative fees of $1 million for fiscal 2016. These fees were recorded, net of servicing income, within Income from discontinued operations, net of taxes in the Consolidated Statements of Operations. The net impact to cash flows of the accounts receivable sales was $239 million for fiscal 2016.

Stock repurchase program

In May 2014, the Company's Board of Directors approved a share repurchase program authorizing up to $1.5 billion in share repurchases of the Company's outstanding common stock, upon completion of a prior repurchase program. The timing, volume, and nature of future share repurchases are at the discretion of management, and may be suspended or discontinued at any time. No end date has been established for the repurchase program.

During fiscal 2016, the Company repurchased 3,750,132 shares for a total consideration of $173 million at a weighted average price of $46.18 per share. These repurchases were made through open market purchases as well as through accelerated share repurchase arrangements (ASRs). During fiscal 2016, the Company also received a refund of a $100 million prepayment and an additional 162,908 shares related to an ASR arrangement entered into during the fourth quarter of fiscal 2015 (see Note 15 of the Notes to the Consolidated Financial Statements).

Liquidity Risk

The Company’s total liquidity is comprised of cash and cash equivalents plus any borrowing available under its revolving credit facility. As of April 1, 2016, the Company’s total liquidity was $3.3 billion, consisting of $1.2 billion of cash and cash equivalents and $2.1 billion of the undrawn balance available under the Company's Credit Facility. In addition, the Company had access to the undrawn balance of $201 million under CSC Finco's $250 million Lease Credit Facility to fund capital expenditures. In the opinion of management, CSC will be able to meet its liquidity and cash needs for the foreseeable future through the combination of cash flows from operating activities, available cash balances, and available borrowings under the Company's undrawn Credit Facility and CSC Finco's Lease Credit Facility. If these resources need to be augmented, additional cash requirements would likely be financed through the issuance of debt and/or equity securities. However, there can be no assurances that the Company will be able to obtain debt or equity financing on acceptable terms in the future.

As noted above, the Company holds $753 million of cash and cash equivalents in subsidiaries outside of the U.S. Should the Company repatriate any portion of this cash as taxable dividends, it would be required to accrue and pay additional U.S. taxes.

The Company's 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 the Company's performance as well as customer acceptance. Uncertainty in global economic conditions may also affect the Company's business as customers and suppliers may decide to downsize, defer or cancel contracts which could negatively affect operating cash flow.

Subsequent to the May 19, 2015 announcement of the proposed separation of CSRA or the consummation thereof during the third quarter of fiscal 2016, all three major ratings agencies that rate the Company's debt took ratings action. Fitch formally reaffirmed its existing credit ratings of BBB. On July 30, 2015, Moody's confirmed its credit ratings of Baa2. On February 26, 2016, S&P downgraded our rating from BBB+ to BBB.

Shortly after we announced the execution of a merger agreement with Hewlett Packard Enterprise Company (HPE) relating to the Enterprise Services business of HPE, Fitch Ratings reaffirmed its existing credit ratings for CSC of BBB with "Stable" outlook, Moody's reaffirmed its existing credit ratings for CSC of Baa2 with "Stable" outlook and S&P placed all of its CSC ratings, including its BBB rating, on "Credit Watch" status. S&P indicated that it intends to resolve the "Credit Watch" status once the merger has closed, at which time they have indicated they will likely lower CSC's commercial paper rating to A-3.

The most recent ratings and outlooks issued by Fitch, Moody's and S&P are shown in the table below:

Rating Agency	Rating	Outlook	Short Term Ratings
Fitch	BBB	Stable	F2
Moody's	Baa2	Stable	-
S&P	BBB	Credit Watch	A-2

Credit rating agencies review their ratings periodically and, therefore, the credit rating assigned to us by each agency may be subject to revision at any time. Accordingly, CSC is not able to predict whether its current credit ratings will remain as disclosed above. Factors that can impact the Company's credit ratings include changes in its operating performance, its financial position, the outcome of ongoing litigation, regulatory action, and/or changes in its business strategy. If further changes in the Company's credit ratings were to occur, they could impact, among other things, its future borrowing costs and access to capital markets.

Off Balance Sheet Arrangements

As of April 1, 2016, the Company did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenues, or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Contractual Obligations

The following table summarizes the expiration of the surety bonds and letters of credit associated with the Company’s performance guarantees and expiration of the stand-by letters of credit used in lieu of cash, outstanding as of April 1, 2016. See Note 23 of the Notes to the Consolidated Financial Statements for further discussion.

(Amounts in millions)	Fiscal 2017	Fiscal 2018	Fiscal 2019 & thereafter	Total
Surety bonds	$ 19	$ —	$ —	$ 19
Letters of credit	36	2	33	71
Stand-by letters of credit	31	—	17	48
Total	$ 86	$ 2	$ 50	$ 138

The following table summarizes the Company’s future payments on contractual obligations by period as of April 1, 2016, excluding the effects of time value:

(Amounts in millions)	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Debt [(1)]	$ 79	$ 377	$ 971	$ 517	$ 1,944
Interest and preferred dividend payments [(2) (3)]	38	68	60	34	200
Capitalized lease liabilities	78	54	18	—	150
Operating leases	141	183	76	54	454
Minimum purchase obligations	294	178	—	—	472
Total	$ 630	$ 860	$ 1,125	$ 605	$ 3,220

[(1)] *Includes scheduled principal payments of long-term debt and mandatory redemption of preferred stock of a consolidated subsidiary. Excludes capitalized lease liabilities.*

[(2)] *Includes scheduled interest payments on long-term debt and scheduled dividend payments associated with the mandatorily redeemable cumulative preferred stock outstanding.*

[(3)] *Excludes the contingent dividends associated with the participation and variable appreciation premium features on the mandatorily redeemable preferred stock outstanding.*

The liability related to unrecognized tax benefits has been excluded from the table because a reasonable estimate of the timing and amount of cash outflows from future tax settlements (excluding the expected settlement of the fiscal 2008 through 2010 IRS audit discussed in Note 12 of the Notes to the Company's Consolidated Financial Statements) cannot be determined.

The Company has included signed long-term purchase agreements with certain software, hardware, telecommunication and other service providers to obtain favorable pricing, committed service levels and terms for services necessary for the operation of business activities within the category labeled "Minimum purchase obligations" noted above. The Company is contractually committed to purchase specified service minimums over remaining periods ranging generally from one to four years. If the Company does not meet the specified service minimums, the Company may have an obligation to pay the service provider a portion of or the entire shortfall.

During fiscal 2017, the Company expects to make contributions of approximately $52 million to its pension and $1 million to its postretirement benefit plans. The Company has not quantified expected contributions beyond fiscal 2017 because it cannot predict future timing or direction of the capital markets, which can have a significant impact on future minimum funding obligations. During fiscal 2016, pension and other pension benefits contributions amounted to $21 million, a decrease of $25 million from $46 million in fiscal 2015. Refer to the Critical Accounting Estimates section later in this Management's Discussion and Analysis and to Note 14 of the Notes to the Consolidated Financial Statements for further discussion.

Dividends

In connection with the Separation (see Note 4 of the Notes to the Company's Consolidated Financial Statements), CSC and CSRA each paid concurrent special cash dividends on November 30, 2015 which in the aggregate totaled $10.50 per share. Of that $10.50 per share dividend, $2.25 was paid by CSC and $8.25 was paid by CSRA. Payment of each portion of the Special Dividend was made to holders of common stock on the Record Date who received shares of CSRA common stock in the distribution.

During fiscal 2016, quarterly dividends declared aggregated to $2.99 per share or $421 million in the aggregate. Of the total dividends declared, excluding dividend equivalents, $19 million was unpaid at April 1, 2016. Dividends paid during fiscal 2016 were approximately $430 million. The Company has sufficient liquidity and expects to continue paying quarterly cash dividends although such payments are subject to continued approval by the Board of Directors.

Consolidated Variable Interest Entities

During the third quarter of fiscal 2016, CSC and HCL Technologies Ltd. entered into a partnership related to CeleritiFinTech Limited and CeleritiFinTech Services Limited. The subsidiaries were formed to operate and further invest in and expand banking products with the combined objective to promote and generate revenues from banking and other customers. The subsidiaries are structured as private limited companies, incorporated in the United Kingdom. CSC holds a 49% membership interest in CeleritiFinTech and a 51% membership interest in CeleritiFinTech Services.

The Company determined that it is the primary beneficiary of these entities, and as such, follows accounting treatment for variable interest entities that meet the criteria for consolidation. See Note 21 of the Notes to the Consolidated Financial Statements for further information.

CRITICAL ACCOUNTING ESTIMATES

Our Consolidated Financial Statements have been prepared in accordance with GAAP. Our significant accounting policies are described in Note 1 of the Notes to the Consolidated Financial Statements under “Summary of Significant Accounting Policies.” The preparation of Consolidated Financial Statements in accordance with 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. We base our estimates and judgments on historical experience and other factors believed to be reasonable under the circumstances. Many of the estimates made are for contract-specific issues. Changes to estimates or assumptions on a specific contract could result in a material adjustment to the Consolidated Financial Statements.

An accounting estimate is considered critical if both: (a) the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment involved, and (b) the impact of changes in the estimates and assumptions would have a material effect on the Consolidated Financial Statements. We have identified several critical accounting estimates. Our critical accounting estimates relate to: revenue recognition, cost estimation and recoverability on long-term, fixed-price contracts; revenue recognition on software license sales that require significant customization; capitalization of outsourcing contract costs and software development costs; estimates used to determine deferred income taxes; assumptions related to purchase accounting and goodwill; assumptions to determine retirement benefits costs and liabilities; and assumptions and estimates used to analyze contingencies and litigation. For all of these estimates, we caution that future events rarely develop exactly as forecast, and even the best estimates routinely require adjustment.

Revenue recognition

The majority of our revenue is recognized based on objective criteria and does not require significant estimates that may change over time. However, some arrangements are subject to specific accounting guidance that may require significant estimates, including contracts subject to percentage-of-completion accounting, contracts that include multiple-element deliverables, and contracts subject to software accounting guidance.

Percentage-of-completion method

Certain software development projects and all long-term construction-type contracts require the use of estimates at completion in the application of the percentage-of-completion accounting method, whereby the determination of revenues and costs on a contract through its completion can require significant judgment and estimation. Under this method, and subject to the effects of changes in estimates, we recognize revenue using an estimated margin at completion as contract milestones or other input or output-based measures are achieved. This can result in costs being deferred as work in process until contractual billing milestones are achieved. Alternatively, this can result in revenue recognized in advance of billing milestones if output-based or input-based measures are achieved. Contracts that require estimates at completion using the percentage-of-completion method accounted for approximately 7% of the Company's revenues.

The percentage-of-completion method requires estimates of revenues, costs and profits over the entire term of the contract, including estimates of resources and costs necessary to complete performance. The cost estimation process is based upon the professional knowledge and experience of our software and systems engineers, program managers and financial professionals. The Company follows this method because reasonably dependable estimates of the revenue and costs applicable to various elements of a contract can be made; however, some estimates are particularly difficult for activities involving state-of-the-art technologies such as system development projects. Key factors that are considered in estimating the work to be completed and ultimate contract profitability include the availability and productivity of labor, the nature and complexity of the work to be performed, results of testing procedures, and progress toward completion. Management regularly reviews project profitability and the underlying estimates. A significant change in an estimate on one or more contracts could have a material effect on our results of operations. Revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become evident.

We periodically negotiate modifications to the scope, schedule, and price of contracts accounted for on a percentage-of-completion basis. Accounting for such changes prior to formal contract modification requires evaluation of the characteristics and circumstances of the effort completed and assessment of probability of recovery. If recovery is deemed probable, we may, as appropriate, either defer the costs until the parties have agreed on the contract change or recognize the costs and related revenue as current period contract performance.

Multiple-element arrangements

Many of our contracts call for us to provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, when considered appropriate, how the total estimated revenue should be allocated among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires estimating the fair value or selling price of each element based on vendor specific objective evidence (VSOE), third party evidence (TPE) or management's best estimate of selling price (BESP) for the deliverables when VSOE or TPE are not available. VSOE is established for an element based on the price charged when the element is sold separately. TPE is established by considering our competitors' prices for comparable product and service offerings in the market in which we operate. When we conclude that comparable products or services are sold by competitors to similarly situated customers, we consult available information sources to arrive at TPE such as published list prices, quoted market prices, and industry reports. We establish BESP consistent with our existing pricing practices involving a cost-plus-reasonable-margin methodology as well as comparison of the margins to those realized on recent contracts for similar products or services in that market. Once the total estimated revenue has been allocated to the various contract elements, revenue for each element is recognized based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met. Estimates of total revenue at contract inception often differ materially from actual revenue due to volume differences, changes in technology or other factors which may not be foreseen at inception.

Software sales

If significant customization is required in the delivery of a proprietary software product, and VSOE is available to support accounting for the software as a separate unit of account, the software is determined to be delivered as the customization services are performed and revenue is recognized in accordance with the percentage-of-completion method described above. In such cases, cost and profit estimates are required over the life of the project, and changes in such estimates can have a material effect on results. Changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

Capitalization of outsourcing contract costs

Certain costs incurred upon initiation of an outsourcing contract are deferred and amortized over the contract life. These costs consist of contract acquisition and transition/set-up costs, costs associated with installation of systems and processes, and amounts paid to customers in excess of the fair market value of assets acquired (i.e., contract premiums). Amortization of contract premiums is recorded as a reduction of revenue. Finance staff, working with program management, review costs to determine appropriateness for deferral in accordance with relevant accounting guidance.

Key estimates and assumptions include assessing the fair value of assets acquired from a customer in order to calculate the contract premium and project future cash flows in order to assess the recoverability of deferred costs. We utilize the experience and knowledge of our professional staff in program management, operations, procurement and finance areas, as well as third parties when warranted, to determine the fair values of assets acquired. To assess recoverability, undiscounted estimated cash flows of the contract are projected over its remaining life and compared to the carrying amount of contract related assets, including the unamortized deferred cost balance. Key factors that are considered in estimating the undiscounted cash flows include projected labor costs and productivity efficiencies. A significant change in an estimate or assumption on one or more contracts could have a material effect on our results of operations.

Capitalization of software development costs

After establishing technological feasibility, we capitalize certain costs incurred to develop commercial software products to be sold, leased or otherwise marketed. We also capitalize costs to develop or purchase internal-use software. Significant estimates and assumptions include: determining the appropriate period over which to amortize the capitalized costs based on estimated useful lives, estimating the marketability of the commercial software products and related future revenues, and assessing the unamortized cost balances for impairment.

Determining the appropriate amortization period for commercial software products is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete.

For internal-use software, the appropriate amortization period is based on estimates of our ability to utilize the software on an ongoing basis. To assess the recoverability of capitalized software costs, we consider estimates of future revenue, costs and cash flows. Such estimates require assumptions about future cash inflows and outflows, and are based on the experience and knowledge of our professional staff. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Estimates used to determine income tax expense

We make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which principally arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We also must analyze income tax reserves, as well as determine the likelihood of recoverability of deferred tax assets, and adjust any valuation allowances accordingly. Considerations impacting the recoverability of deferred tax assets include the period of expiration of the tax asset, planned use of the tax asset, and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Valuation allowances are evaluated periodically and are subject to change in future reporting periods as a result of changes in one or more of these factors. The calculation of our tax liabilities also involves uncertainties in the application of complex tax regulations. The Company recognizes uncertain tax positions in the financial statements when it is more likely than not that the tax position will be sustained under examination.

Assumptions related to acquisition-method accounting, acquired intangible assets and goodwill

We account for acquisitions using the acquisition method of accounting, which requires us to estimate the fair values of the assets acquired and liabilities assumed. This includes acquired intangible assets such as customer-related intangibles, the liabilities assumed, and contingent consideration, if any. Liabilities assumed may include litigation and other contingency reserves existing at the time of acquisition, and require judgment in ascertaining the related fair values. Independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities. Such appraisals are based on significant estimates provided by the Company, such as forecasted revenues or profits utilized in determining the fair value of contract-related acquired intangible assets or liabilities. Additional information related to the acquisition date fair value of acquired assets and liabilities obtained during the allocation period, not to exceed one year, may result in changes to the recorded values of acquired assets and liabilities, resulting in an offsetting adjustment to the goodwill associated with the business acquired. Adjustments to the fair value of contingent consideration are recorded in earnings. Significant changes in assumptions and estimates subsequent to completing the allocation of the purchase price to the assets and liabilities acquired, as well as differences in actual and estimated results, could result in material impacts to our results of operations.

Goodwill is reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable in accordance with ASC 350 “Goodwill and Other Intangible Assets.” A significant amount of judgment is involved in determining if an event representing an indicator of impairment has occurred between annual test dates. Such indicators may include: a significant decline in expected future cash flows; a sustained, significant decline in stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and reductions in revenue or profitability growth rates. An adverse change in these factors could have a significant impact on the recoverability of goodwill.

The Company follows GAAP-prescribed rules when determining if goodwill has been impaired. Initially, an assessment of qualitative factors is conducted 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. If the Company determines that it is not more likely than not that its carrying amount is less than its fair value for a reporting unit, then the subsequent two-step goodwill impairment testing process is not required. If the Company determines that it is more likely than not that its carrying amount is greater than its fair value for a reporting unit, then it proceeds with the subsequent two-step process.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. Step one of the process 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, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. In this step, the reporting unit’s fair value is determined and allocated to all the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in order to calculate the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business acquisition. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

The Company estimates the fair value of each reporting unit using a combination of the income approach and 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 a 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 in turn is based on the specific risk characteristics of each reporting unit, the weighted average cost of capital and its underlying forecast. 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 with similar operating and investment characteristics as the reporting unit. If the fair value of the reporting unit derived using the income approach is significantly different from the fair value estimate using the market approach, the Company reevaluates its assumptions used in the two models. 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 weighted values assigned to each reporting unit are primarily influenced by two 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.

In order to assess the reasonableness of the calculated reporting unit fair values, the Company also compares the sum of the reporting units’ fair values to its market capitalization (per share stock price multiplied by shares outstanding) and calculates an implied control premium (the excess of the sum of the reporting units’ fair values over the market capitalization). The Company evaluates the control premium by comparing it to control premiums of recent comparable transactions. If the implied control premium is not reasonable in light of these recent transactions, the Company reevaluates its fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions. As a result, when the price for CSC’s common stock is low, this reevaluation can result in lower estimated fair values of the reporting units.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates, operating margins, terminal growth rates, and capital expenditures, as well as discount rates. Estimates involve the assessment of labor and other direct costs of existing contracts, estimates of overhead costs and other indirect costs, and assessments of new business prospects and projected win rates. In addition, judgments and assumptions are required for allocating shared assets and liabilities to determine the carrying values of each reporting unit. Although we have consistently used the same methods in developing the assumptions and estimates underlying the fair value calculations, such estimates are uncertain and may vary from actual results.

Assumptions to determine retirement benefits costs and liabilities

The computation of CSC's pension and other postretirement benefit costs and obligations is dependent on various actuarial assumptions. Two of the most significant assumptions are the expected long-term rate of return on plan assets and the discount rate.

The assumption for the expected long-term rate of return on plan assets is impacted by the asset mix of the plan and other factors. Under its current accounting policy, CSC uses fair value rather than the market-related value of plan assets. The weighted-average of the expected long-term rate of return, for all pension plans, on plan assets utilized for the fiscal 2016 and 2015 pension plan valuations was 6.3% and 7.1%, respectively (see Note 14 of the Notes to the Consolidated Financial Statements). Holding all other assumptions constant, a one-half percent increase or decrease in the assumed rates of return on plan assets would have increased or decreased the fiscal 2016 net periodic pension benefit, excluding mark-to-market (MTM) settlement and contractual termination charges by approximately $23 million, and increased or decreased the fiscal 2016 MTM settlement and contractual termination charges by $13 million.

The discount rate assumption reflects the market rate for high-quality, fixed income debt instruments based on the expected duration of the benefit payments for our pension and postretirement plans as of the annual measurement date and is subject to change each year. The weighted-average of the discount rates utilized for the fiscal 2016 net periodic pension cost was 3.0% compared to 4.4% for fiscal 2015. Holding all other assumptions constant, a one-half percent increase in the assumed discount rate would have decreased the fiscal 2016 net periodic pension benefit, excluding MTM, settlement and contractual termination charges, by approximately $9 million, and increased the fiscal 2016 MTM, settlement and contractual termination charges by approximately $235 million. Similarly, a one-half percent decrease in the assumed discount rate would have increased the fiscal 2016 net periodic pension benefit, excluding MTM, settlement and contractual termination charges, by approximately $13 million, and decreased the fiscal 2016 MTM, settlement and contractual termination charges by approximately $235 million.

Assumptions and estimates used to analyze contingencies and litigation

We are subject to various claims and contingencies associated with lawsuits, insurance, tax and other issues arising in the normal course of business. The Consolidated Financial Statements reflect the treatment of claims and contingencies based on management's view of the expected outcome. CSC consults with outside legal counsel on issues related to litigation and seeks input from other experts and advisors with respect to matters in the ordinary course of business. If the likelihood of an adverse outcome is probable and the amount is estimable, we accrue a liability in accordance with ASC 450 “Contingencies.” Significant changes in the estimates or assumptions used in assessing the likelihood of an adverse outcome could have a material effect on our results of operations.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rates

The Company is subject to interest rate risk on its outstanding debt, including the Company's $2.5 billion revolving credit facility. As of April 1, 2016, the Company had outstanding debt with varying maturities for an aggregate carrying amount of $2.1 billion (see Note 13 of the Notes to the Consolidated Financial Statements).

The Company may in the future enter into interest rate swaps in the future to manage interest rate risk on its outstanding term debt. Interest rate swaps allow the Company to effectively convert fixed-rate payments into floating-rate payments or floating-rate payments into fixed-rate payments.

A 10% increase or decrease in the rates of interest we pay would have approximately a $3 million unfavorable or favorable impact to our interest expense.

Foreign Currency

As a large global organization, the Company is exposed to both favorable and unfavorable movements in foreign currency exchange rates. In the ordinary course of business, the Company enters into certain contracts denominated in foreign currencies. Exposure to fluctuations in foreign currency exchange rates arising from these contracts is analyzed during the contract bidding process. The Company generally manages these contracts by incurring costs in the same currency in which revenue is received, and any related short-term contract financing requirements are met by borrowing in the same currency. Thus, by generally matching revenues, costs and borrowings to the same currency, the Company is able to mitigate a portion of the foreign currency risk to earnings. However, as the Company has increased its use of offshore labor centers in recent years, we have become more exposed to fluctuations in foreign currency exchange rates.

The Company has policies and procedures to manage the exposure to fluctuations in foreign currency by using short-term foreign currency forward and option contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. For accounting purposes, these foreign currency forward and option contracts are not designated as hedges and changes in their fair value are reported in current period earnings within other (income) expense, net of the Consolidated Statements of Operations.

The Company also uses foreign currency forward contracts to reduce foreign currency exchange rate risk related to certain Indian rupee denominated intercompany obligations and forecasted transactions. For accounting purposes these foreign currency forward contracts are designated as cash flow hedges with critical terms that match the hedged items; therefore, the changes in fair value of these forward contracts are recorded in accumulated other comprehensive (loss) income, net of taxes in the Consolidated Statements of Comprehensive Income (Loss), and subsequently classified into net income in the period during which the hedged transactions are recognized in net income. CSC does not use derivatives tor trading or speculative purposes.

During fiscal 2016, approximately 57% of the Company’s revenue was generated outside of the U.S. The Company uses a sensitivity analysis to assess the impact of movement in foreign currency exchange rates on revenue and earnings. For the year ended April 1, 2016, a hypothetical 10% change in the value of the U.S. dollar against all currencies would have increased or decreased revenue by approximately 6%, or $394 million. In the opinion of management, a substantial portion of this fluctuation would be offset by expenses incurred in local currency. As a result, a hypothetical 10% movement of the value of the U.S. dollar against all currencies in either direction would impact the Company’s earnings before interest and taxes by approximately $20 million for the year ended April 1, 2016. This amount would be offset, in part, from the effects of local income taxes and local currency interest expense.

As of April 1, 2016, the Company had approximately $753 million of cash and cash equivalents outside of the U.S.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Financial Statement Schedule

	Page
Report of Independent Registered Public Accounting Firm	53
Consolidated Balance Sheets as of April 1, 2016 and April 3, 2015	54
Consolidated Statements of Operations for the Twelve Months Ended April 1, 2016, April 3, 2015 and March 28, 2014	55
Consolidated Statements of Comprehensive (Loss) Income for the Twelve Months Ended April 1, 2016, April 3, 2015 and March 28, 2014	56
Consolidated Statements of Cash Flows for the Twelve Months Ended April 1, 2016, April 3, 2015 and March 28, 2014	57
Consolidated Statements of Changes in Equity for the Twelve Months Ended April 1, 2016, April 3, 2015 and March 28, 2014	59
Notes to Consolidated Financial Statements	
Note 1–Summary of Significant Accounting Policies	60
Note 2–Settlement of SEC Investigation	72
Note 3-Acquisitions	73
Note 4-Divestitures	78
Note 5-Earnings Per Share	84
Note 6–Receivables	85
Note 7–Fair Value	85
Note 8–Derivative Instruments	87
Note 9-Property and Equipment	90
Note 10–Intangible Assets	91
Note 11–Goodwill	92
Note 12–Income Taxes	93
Note 13–Debt	99
Note 14–Pension and Other Benefit Plans	102
Note 15–Stockholders' Equity	111
Note 16–Stock Incentive Plans	113
Note 17-Cash Flows	118
Note 18–Other (Income) Expense, Net	118
Note 19–Segment and Geographic Information	119
Note 20-Restructuring Costs	121
Note 21-Consolidated Variable Interest Entities	124
Note 22-Related Parties	125
Note 23–Commitments and Contingencies	125
Note 24-Reconciliation of Previously Reported Amounts to Revised and Restated Financial Statements	130
Note 25–Subsequent Events	131
Selected Quarterly Financial Data (Unaudited)	132
Schedule II, Valuation and Qualifying Accounts for the years ended April 1, 2016, April 3, 2015, and March 28, 2014	133

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Computer Sciences Corporation
Tysons, Virginia

We have audited the accompanying consolidated balance sheets of Computer Sciences Corporation and subsidiaries (the "Company") as of April 1, 2016 and April 3, 2015, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and changes in equity for each of the three fiscal years in the period ended April 1, 2016. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Computer Sciences Corporation and subsidiaries as of April 1, 2016 and April 3, 2015, and the results of their operations and their cash flows for each of the three fiscal years in the period ended April 1, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of April 1, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 14, 2016 expressed an adverse opinion on the Company’s internal control over financial reporting based on our audit because of a material weakness.

/s/ DELOITTE & TOUCHE LLP

McLean, Virginia
June 14, 2016

COMPUTER SCIENCES CORPORATION
CONSOLIDATED BALANCE SHEETS

(Amounts in millions, except per share and share amounts)	April 1, 2016	April 3, 2015[1] (As Adjusted)
Current assets:		
Cash and cash equivalents	$ 1,178	$ 2,076
Receivables, net of allowance for doubtful accounts of $31 (fiscal 2016) and $26 (fiscal 2015)	1,831	1,682
Prepaid expenses and other current assets	403	292
Assets of discontinued operations	—	806
Total current assets	3,412	4,856
Software, net of accumulated amortization of $1,531 (fiscal 2016) and $1,568 (fiscal 2015)	712	718
Outsourcing contract costs, net of accumulated amortization of $494 (fiscal 2016) and $476 (fiscal 2015)	334	326
Goodwill	1,277	838
Other assets	631	498
Deferred income taxes, net	345	396
Property and equipment, net of accumulated depreciation of $2,894 (fiscal 2016) and $2,740 (fiscal 2015)	1,025	1,110
Assets of discontinued operations - noncurrent	—	1,479
Total Assets	$ 7,736	$ 10,221
Current liabilities:		
Short-term debt and current maturities of long-term debt	710	883
Accounts payable	341	295
Accrued payroll and related costs	288	265
Accrued expenses and other current liabilities	720	948
Deferred revenue and advance contract payments	509	457
Income taxes payable	40	25
Liabilities of discontinued operations	—	691
Total current liabilities	2,608	3,564
Long-term debt	1,934	1,635
Deferred revenue - long-term	348	354
Long-term pension obligations	298	287
Long-term income tax liabilities and deferred income taxes	356	453
Other long-term liabilities	160	209
Liabilities of discontinued operations - long-term	—	754
Commitments and contingencies		
CSC stockholders' equity:		
Preferred stock, par value $1 per share; authorized 1,000,000 shares; none issued	—	—
Common stock, par value $1 per share; authorized 750,000,000 shares; issued 148,746,672 shares (fiscal 2016) and 148,373,736 shares (fiscal 2015)	149	148
Additional paid-in capital	2,439	2,286
Retained earnings	33	928
Accumulated other comprehensive (loss) income	(111)	21
Less: common stock in treasury, at cost, 10,365,811 shares (fiscal 2016) and 9,600,396 shares (fiscal 2015)	(485)	(446)
Total CSC stockholders' equity	2,025	2,937
Noncontrolling interest in subsidiaries	7	28
Total Equity	2,032	2,965
Total Liabilities and Equity	$ 7,736	$ 10,221

[1] *Certain prior year balances were adjusted to give effect to discontinued operations as described in Note 4, for certain errors in previously issued financial statements related to income taxes as described in Note 1, and for the retrospective application of ASU 2015-17 and ASU 2016-09 as described in Note 1.*

(See Notes to Consolidated Financial Statements.)

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Twelve Months Ended		
(Amounts in millions, except per-share amounts)	April 1, 2016[1]	April 3, 2015[2]	March 28, 2014[2]
		(As Adjusted)	(As Adjusted)
Revenues	$ 7,106	$ 8,117	$ 8,899
Costs of services (excludes depreciation and amortization and restructuring costs)	5,185	6,159	6,032
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,040	1,220	1,099
Selling, general and administrative - SEC settlement related charges	—	197	—
Depreciation and amortization	658	840	870
Restructuring costs	23	256	74
Separation costs	19	—	—
Interest expense	123	126	128
Interest income	(38)	(20)	(16)
Debt extinguishment costs	95	—	—
Other (income) expense, net	(9)	10	18
Total costs and expenses	7,096	8,788	8,205
Income (loss) from continuing operations, before taxes	10	(671)	694
Income tax (benefit) expense	(62)	(464)	174
Income (loss) from continuing operations	72	(207)	520
Income from discontinued operations, net of taxes	191	224	448
Net income	263	17	968
Less: net income attributable to noncontrolling interest, net of tax	12	15	21
Net income attributable to CSC common stockholders	$ 251	$ 2	$ 947
Earnings (loss) per common share			
Basic:			
Continuing operations	$ 0.51	$ (1.45)	$ 3.52
Discontinued operations	1.31	1.46	2.89
	$ 1.82	$ 0.01	$ 6.41
Diluted:			
Continuing operations	$ 0.50	$ (1.45)	$ 3.45
Discontinued operations	1.28	1.46	2.83
	$ 1.78	$ 0.01	$ 6.28
Cash dividend per common share	$ 2.99	$ 0.92	$ 0.80

[1] *Due to the adoption of ASU 2016-09 certain balances related to excess tax benefits from stock compensation were adjusted prospectively as described in Note 1.*

[2] *Certain prior year balances were adjusted for certain errors in previously issued financial statements related to income taxes as described in Note 1 and to give effect to discontinued operations as described in Note 4.*

(See Notes to Consolidated Financial Statements.)

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Twelve Months Ended		
(Amounts in millions)	April 1, 2016	April 3, 2015	March 28, 2014
Net income	$ 263	$ 17	$ 968
Other comprehensive (loss) income, net of taxes:			
Foreign currency translation adjustments, net of tax expense of $4, $3, and $2 for fiscal 2016, 2015, and 2014	(83)	(310)	(81)
Foreign currency forward contracts, net of tax expense of $0 for fiscal 2016, 2015, and 2014	1	(2)	—
Pension and other postretirement benefit plans, net of tax:			
Prior service credit, net of tax expense of $1, $37, and $0 for fiscal 2016, 2015, and 2014	2	57	265
Amortization of transition obligation, net of tax expense of $0 for fiscal 2016, 2015, and 2014	—	1	1
Amortization of prior service cost, net of tax benefit of $10, $7, and $1 for fiscal 2016, 2015, and 2014	(20)	(16)	(4)
Foreign currency exchange (loss) gain, net of tax expense of $0 for fiscal 2016, 2015, and 2014	(1)	—	2
Pension and other postretirement benefit plans, net of tax	(19)	42	264
Other comprehensive (loss) income, net of taxes	(101)	(270)	183
Comprehensive income (loss)	162	(253)	1,151
Less: comprehensive (loss) income attributable to noncontrolling interest	12	15	21
Comprehensive income (loss) attributable to CSC common stockholders	$ 150	$ (268)	$ 1,130

(See Notes to Consolidated Financial Statements.)

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016[(1)]**	**April 3, 2015[(1)]**	**March 28, 2014[(1)]**
Cash flows from operating activities:			
Net income	$ 263	$ 17	$ 968
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	767	977	1,018
Pension & other postemployment benefits, actuarial & settlement losses (gains)	92	782	(259)
Stock-based compensation	45	68	73
Deferred taxes	(37)	(449)	169
Gain on dispositions	(41)	(22)	(85)
Provision for losses on accounts receivable	6	2	4
Unrealized foreign currency exchange losses (gains)	43	(4)	(29)
Impairment losses and contract write-offs	2	—	3
Debt extinguishment costs	95	—	—
Cash surrender value in excess of premiums paid	(10)	(9)	(8)
Other non-cash charges, net	—	39	55
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease in receivables	129	237	168
Increase in prepaid expenses and other assets	(15)	(36)	(40)
Decrease in accounts payable and accrued expenses	(357)	(313)	(540)
(Decrease) increase in accrual for SEC settlement related charges	(190)	190	—
Increase (decrease) in income taxes payable and income tax liability	58	(33)	119
(Decrease) increase in advanced contract payments and deferred revenue	(37)	11	2
Other operating activities, net	(11)	16	(41)
Net cash provided by operating activities	802	1,473	1,577
Cash flows from investing activities:			
Purchases of property and equipment	(356)	(381)	(420)
Payments for outsourcing contract costs	(101)	(68)	(71)
Short-term investing	(70)	—	—
Software purchased and developed	(184)	(199)	(197)
Payments for acquisitions, net of cash acquired	(554)	(49)	(190)
Business dispositions	37	(13)	248
Proceeds from sale of assets	61	155	38
Other investing activities, net	(13)	19	26
Net cash used in investing activities	(1,180)	(536)	(566)
Cash flows from financing activities:			
Borrowings of commercial paper	821	—	—
Repayments of commercial paper	(263)	—	—
Borrowings under lines of credit and short-term debt	2,206	—	439
Repayment of borrowings under lines of credit	(1,825)	(32)	—
Borrowing on long-term debt, net of discount	928	—	—
Principal payments on long-term debt	(1,869)	(242)	(492)
Proceeds from stock options and other common stock transactions	82	196	214
Taxes paid related to net share settlements of stock-based compensation awards	(48)	(22)	(9)
Debt extinguishment costs	(95)	—	—
Repurchase of common stock and advance payment for accelerated share repurchase	(73)	(842)	(521)
Dividend payments	(430)	(128)	(119)
Borrowings for CSRA spin transaction	1,508	—	—

Transfers of cash to CSRA upon separation	(1,440)	—	—
Payment of contingent consideration	—	—	(98)
Other financing activities, net	13	(8)	(30)
Net cash used in financing activities	(485)	(1,078)	(616)
Effect of exchange rate changes on cash and cash equivalents	(57)	(204)	(6)
Net (decrease) increase in cash and cash equivalents	(920)	(345)	389
Cash and cash equivalents at beginning of year[2]	2,098	2,443	2,054
Cash and cash equivalents at end of year[2]	$ 1,178	$ 2,098	$ 2,443

[1] Due to the adoption of ASU 2016-09 certain balances related to employee stock-based compensation were adjusted retrospectively as discussed in Note 1 .

[2] As a result of the Separation, the Consolidated Condensed Statements of Operations, Consolidated Condensed Balance Sheets, and related financial information reflect CSRA's operations and assets and liabilities as discontinued operations for all periods presented. The cash flows and comprehensive income of CSRA have not been segregated and are included in the Consolidated Condensed Statements of Cash Flows and Consolidated Condensed Statements of Comprehensive Income (Loss) for all periods presented. See Note 4.

(See Notes to Consolidated Financial Statements.)

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock		Additional Paid-in Capital	Earnings Retained for Use in Business[1]	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Total CSC Equity[1]	Non-Controlling Interest	Total Equity[1]
(Amounts in millions except shares in thousands)	Shares	Amount							
Balance at March 29, 2013	158,984	$ 159	$ 2,167	$ 1,107	$ 108	$ (401)	$ 3,140	$ 26	$ 3,166
Net income				947			947	21	968
Other comprehensive income					183		183		183
Stock-based compensation expense			71				71		71
Acquisition of treasury stock						(17)	(17)		(17)
Share repurchase program	(9,773)	(10)	(145)	(350)			(505)		(505)
Stock option exercises and other common stock transactions	5,510	6	211				217		217
Dividends declared				(118)			(118)		(118)
Adjustments from business disposition							—	9	9
Noncontrolling interest distributions and other				12	(12)		—	(24)	(24)
Balance at March 28, 2014	154,721	$ 155	$ 2,304	$ 1,598	$ 279	$ (418)	$ 3,918	$ 32	$ 3,950
Net (loss) income				2			2	15	17
Other comprehensive loss					(270)		(270)		(270)
Stock-based compensation expense			67				67		67
Acquisition of treasury stock						(28)	(28)		(28)
Share repurchase program	(11,716)	(12)	(295)	(529)			(836)		(836)
Stock option exercises and other common stock transactions	5,369	5	210				215		215
Dividends declared				(131)			(131)		(131)
Noncontrolling interest distributions and other				(12)	12		—	(19)	(19)
Balance at April 3, 2015	148,374	$ 148	$ 2,286	$ 928	$ 21	$ (446)	$ 2,937	$ 28	$ 2,965
Net income				251			251	12	263
Other comprehensive loss					(101)		(101)		(101)
Stock-based compensation expense			45				45		45
Acquisition of treasury stock						(39)	(39)		(39)
Share repurchase program	(3,750)	(4)	36	(106)			(74)		(74)
Stock option exercises and other common stock transactions	4,123	5	72				77		77
Dividends declared				(104)			(104)		(104)
Special dividend				(317)			(317)		(317)
Capital contributions							—	6	6
Noncontrolling interest distributions and other							—	(9)	(9)
Divestiture of CSRA				(619)	(31)		(650)	(30)	(680)
Balance at April 1, 2016	148,747	$ 149	$ 2,439	$ 33	$ (111)	$ (485)	$ 2,025	$ 7	$ 2,032

[1] *Prior year balances were adjusted for certain errors in previously issued financial statements related to income taxes as described in Note 1.*

(See Notes to Consolidated Financial Statements.)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements and notes are those of Computer Sciences Corporation, its subsidiaries, and those business entities in which the Company maintains a controlling interest, hereafter collectively referred to as “CSC” or “the Company.” 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. All intercompany transactions and balances have been eliminated.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC).

The Company reports its results based on a fiscal year convention that comprises four thirteen-week quarters. Every fifth year includes an additional week in the first quarter to prevent the fiscal year moving from an approximate end of March date.

Separation of CSRA

On November 27, 2015, the Company completed the previously announced separation of the Company's U.S. public sector business and merger with SRA International to form a new publicly traded Company: CSRA Inc. (CSRA) (the Separation). Under the terms of the Separation agreements, on November 27, 2015, stockholders who held CSC common stock at the close of business on November 18, 2015 (the Record Date), received a distribution of one CSRA common share for every one share of CSC common stock held as of the Record Date. CSRA is now an independent public company trading under the symbol "CSRA" on the New York Stock Exchange.

In connection with the Separation, CSC and CSRA each paid concurrent special cash dividends on November 30, 2015 which in the aggregate totaled $10.50 per share (the Special Dividend). Of that $10.50 per share dividend, $2.25 was paid by CSC and $8.25 was paid by CSRA. Payment of each portion of the Special Dividend was made to holders of common stock on the Record Date who received shares of CSRA common stock in the Separation.

As a result of the Separation, the Consolidated Statements of Operations, Consolidated Balance Sheets, and related financial information reflect CSRA's operations, assets and liabilities as discontinued operations for all periods presented. The cash flows and comprehensive income of CSRA have not been segregated and are included in CSC's Consolidated Statements of Cash Flows and Consolidated Statements of Comprehensive Income (Loss) for all periods presented. Furthermore, CSC reduced the number of its reportable segments from three to two: Global Infrastructure Services (GIS) and Global Business Services (GBS).

Refer to Note 4 for additional information regarding the Separation of CSRA and Note 19 for further information regarding CSC's reportable segments.

Restatement of Previously Reported Financial Information

During the fiscal year ended April 1, 2016, the Company identified certain errors in previously issued financial statements related to income taxes.

- The Company identified a net understatement in the calculation of the income tax benefit of $5 million and an adjustment to uncertain tax positions, as a result of untimely measurements, resulting in an additional understatement of $5 million. Collectively, this resulted in an understatement of the company’s net income tax benefit of $10 million during the year ended April 3, 2015.
- The Company identified an understatement in the calculation of income tax expense for $1 million, an adjustment to uncertain tax positions, resulting in an understatement of $2 million and errors in deferred tax accounts resulting in a benefit of $3 million. Collectively, this resulted in an overstatement of the company’s net income tax expense of less than $1 million in the year ended March 28, 2014.

- The Company identified income tax errors pertaining to years prior to the year ended March 28, 2014, and as a result of such errors, the Company overstated income tax expense by $6 million. The correction of such errors is reflected in the Company's opening retained earnings as of March 29, 2013.

We evaluated the effects of the above misstatements on our consolidated financial statements for each of these years in accordance with guidance provided by SEC Staff Accounting Bulletin No. 108, codified as SAB Topic 1.N, “Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in the Current Year Financial Statements,” and concluded that none of these years are materially misstated.

To correct these misstatements within the accompanying Consolidated Financial Statements, and as permitted by SAB Topic 1.N, we increased the company’s earnings retained for use in business, total CSC equity and total equity by $6 million as of the beginning of fiscal 2014, decreased loss from continuing operations by $10 million for the year ended April 3, 2015, and decreased income from continuing operations by less than $1 million for the year ended March 28, 2014.

See Note 24 for a reconciliation of these corrections to previously reported amounts.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. These estimates are based on management’s best knowledge of historical experience, current events, and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Amounts subject to significant judgment and estimates include contracts accounted for using the percentage-of-completion method, cash flows used in the evaluation of impairment of goodwill and other long-lived assets, intangible assets, certain deferred costs, collectability of receivables, reserves for uncertain tax benefits, valuation allowances on deferred tax assets, loss accruals for litigation, pension related liabilities, inputs used for computing stock-based compensation and the fair value of derivative instruments.

The Company's income (loss) from continuing operations, before taxes and noncontrolling interests, and diluted earnings per share (EPS) from continuing operations included the following adjustments due to changes in estimated profitability on fixed price contracts accounted for under the percentage-of-completion method for the fiscal years presented:

	Twelve Months Ended		
(Amounts in millions), except per share data	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Gross favorable	$ —	$ 14	$ 15
Gross unfavorable	(5)	(19)	(26)
Total net adjustments, before taxes and noncontrolling interests [(1)]	$ (5)	$ (5)	$ (11)
Impact on diluted EPS from continuing operations	$ (0.03)	$ (0.04)	$ (0.05)

[(1)] *Quarterly changes in estimated profitability on the same fixed price contract are disclosed gross as either favorable or unfavorable.*

Revenue Recognition

The Company's primary service offerings are information technology (IT) outsourcing, other professional services, or a combination thereof. Revenue is recognized when persuasive evidence of an arrangement exists, services or products have been provided to the client, the sales price is fixed or determinable, and collectability is reasonably assured. For non-software arrangements that include multiple-elements, revenue recognition involves the identification of separate units of accounting after consideration of combining and/or segmenting contracts and allocation of the arrangement consideration to the units of accounting on the basis of their relative selling price.

Revenue under such contracts is recognized based upon the level of services delivered in the periods in which they are provided. These contracts often include upfront fees billed for activities to familiarize CSC with the client's operations, take control over their administration and operation, and adapt them to CSC's solutions. These activities typically do not qualify as separate units of accounting, and the related revenues are deferred until service commencement and recognized ratably over the period of performance during the period in which CSC provides the related service, which is typically the life of the contract. Costs are expensed as incurred, except for direct and incremental set-up costs which are capitalized and amortized on a straight-line basis over the life of the contract, which are described in more detail under the heading of Outsourcing Contract Costs below. Software transactions that include multiple elements are described below within Multiple-element software sales.

The Company provides its services under time and materials, cost-reimbursable, unit-price and fixed-price contracts; and multiple-element software sales for which revenue is recognized in the following manner:

Time and materials contracts - Revenue is recorded at agreed-upon billing rates at the time services are provided.

Cost-reimbursable contracts - Revenue is recorded at the time costs are incurred and associated fees are recognized when probable and estimable by applying an estimated factor to costs as incurred, such factor being determined by the contract provisions and prior experience.

Unit-price contracts - Revenue is recognized based on unit metrics multiplied by the agreed upon contract unit price or when services are delivered.

Fixed-price contracts - For certain fixed-price contracts, revenue is recognized under the percentage-of-completion method as described below; these include certain software development projects and all long-term construction-type contracts. For other fixed-price contracts, revenue is recognized based on the proportion of the services delivered to date as a percentage of the total services to deliver over the contract term. If output or input measures are not available or cannot be reasonably estimated, revenue is recognized ratably over the contract term. Under the percentage-of-completion method, progress towards completion is measured based on either achievement of specified contract milestones, costs incurred as a proportion of estimated total costs, or other measures of progress when appropriate. Profit in a given period is reported at the estimated profit margin to be achieved on the overall contract. This method can result in the recognition of unbilled receivables, the deferral of costs as work in process, or deferral of profit on these contracts. Contracts that require estimates at completion using the percentage-of-completion method accounted for approximately 7.1% of the Company's revenues for fiscal 2016. Management regularly reviews project profitability and underlying estimates. Revisions to the estimates at completion are reflected in results of operations as a change in accounting estimate in the period in which the facts that give rise to the revision become known by management. Provisions for estimated losses at completion, if any, are recognized in the period in which the loss becomes evident. The provision includes estimated costs in excess of estimated revenue and any profit margin previously recognized.

Multiple-element software sales - For multiple-element arrangements that involve the sale of CSC proprietary software, post contract customer support, and other software-related services, vendor-specific objective evidence (VSOE) of fair value is required to allocate and recognize revenue for each element. VSOE of fair value is determined based on the price charged where each deliverable is sold separately. In situations where VSOE of fair value exists for all undelivered elements but not a delivered element (typically the software license element), the residual method is used. This method allocates revenue to the undelivered elements equal to their VSOE value with the remainder allocated to the delivered element. If significant customization is required, and VSOE is available to support accounting for the software as a separate unit of account, software revenue is recognized as the related software customization services are performed in accordance with the percentage-of-completion method described above. In situations where VSOE of fair value does not exist for all of the undelivered software-related elements, revenue is deferred until only one undelivered element remains and then recognized following the pattern of delivery of the final undelivered element.

Depreciation and Amortization

The Company's depreciation and amortization policies are as follows:

Property and Equipment:	
Buildings	Up to 40 years
Computers and related equipment	4 to 5 years
Furniture and other equipment	2 to 15 years
Leasehold improvements	Shorter of lease term or useful life
Software	2 to 10 years
Outsourcing contract costs	Contract life, excluding option years
Customer related intangibles	Expected customer service life
Acquired contract related intangibles	Contract life and first contract renewal, where applicable

The cost of property and equipment, less estimated residual values, is depreciated using predominately the straight-line method. Depreciation commences when the specific asset is complete, installed and ready for normal use.

Software and outsourcing contract costs are amortized using predominately the straight-line method. Acquired contract related and customer related intangible assets are amortized in proportion to the estimated undiscounted cash flows projected over the estimated life of the asset or on a straight-line basis if such cash flows cannot be reliably estimated.

Termination Benefits

Termination benefits, offered to employees in connection with workforce reductions, are considered part of an ongoing benefit arrangement and are accounted for in accordance with Accounting Standards Codification (ASC) Topic 712, "Compensation — Non-retirement Postemployment Benefits." Consequently, such benefits are recorded when payment of the benefits is probable and can be reasonably estimated.

Pension and Other Benefit Plans

The Company and its subsidiaries offer a number of pension and postretirement benefits, life insurance benefits, deferred compensation, and other benefit plans. Most of CSC'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. All plans are accounted for using the guidance of ASC 710 "Compensation - General" and ASC 715 "Compensation —Retirement Benefits" and are measured as of the end of the fiscal year.

Effective the first quarter of fiscal 2015, the Company changed its accounting policies for measurement and recognition of actuarial gains and losses for its defined benefit pension and other postretirement benefit plans and the calculation of the expected return on pension plan assets. Historically, the Company recognized actuarial gains and losses in excess of 10% of the greater of the market-related value of plan assets or the plans' projected benefit obligations (the Corridor) as a component of accumulated other comprehensive loss and, depending on the benefit plan, the Company amortized these gains and losses to earnings either over the remaining average service period for active participants or over the average remaining life expectancy of inactive participants. Additionally, for the Company's U.S. plans and the Australian plan, the Company previously used a calculated value for the market-related valuation of pension plan assets, reflecting changes in the fair value of plan assets over a three-year and a one-year period, respectively. Under the Company's new accounting policy, the Company recognizes changes in actuarial gains and losses and the changes in fair value of plan assets in earnings at the time of plan remeasurement, typically annually during the fourth quarter of each year as a component of net periodic benefit expense, and the Company no longer applies the Corridor and, therefore, no longer defers any gains or losses.

The new accounting policies result in the changes in actuarial gains and losses and the changes in fair value of plan assets being recognized in earnings in the year they occur, rather than amortized over time, and therefore recognized earlier than under the Company's previous accounting methods. The Company believes the new pension accounting policies are preferable as they recognize the effects of plan investment performance, interest rate changes, changes in actuarial assumptions as a component of earnings in the year in which they occur rather than amortized over time, and conform all plans to a consistent policy for determining market-related value of plan assets.

The remaining components of pension/postretirement expense, primarily current period service and interest costs and expected return on plan assets, will continue to be recorded on a quarterly basis.

Inherent in the application of the actuarial methods are key assumptions, including, but not limited to, discount rates, expected long-term rates of return on plan assets, mortality rates, rates of compensation increases, and medical cost trend rates. Company management evaluates these assumptions annually and updates assumptions as necessary. The fair value of assets is determined based on the prevailing market prices or estimated fair value of investments when quoted prices are not available.

Software Development Costs

After establishing technological feasibility, and until such time as the software products are available for general release to customers, the Company capitalizes costs incurred to develop commercial software products to be sold, leased or otherwise marketed. Costs incurred to establish technological feasibility are charged to expense as incurred. Enhancements to software products are capitalized where such enhancements extend the life or significantly expand the marketability of the products. Amortization of capitalized software development costs is determined separately for each software product. Annual amortization expense is calculated based on the greater of the ratio of current gross revenues for each product to the total of current and anticipated future gross revenues for the product or the straight-line amortization method over the estimated economic life of the product.

Unamortized capitalized software costs associated with commercial software products are periodically evaluated for impairment on a product-by-product basis by comparing the unamortized balance to the product's net realizable value. The net realizable value is the estimated future gross revenues from that product reduced by the related estimated future costs. When the unamortized balance exceeds the net realizable value, the unamortized balance is written down to the net realizable value and an impairment charge is recorded.

The Company capitalizes costs incurred to develop internal-use computer software during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal and external costs incurred in connection with development of upgrades or enhancements that result in additional functionality are also capitalized. Capitalized costs associated with internal-use software are amortized on a straight-line basis over the estimated useful life of the software. Purchased software is capitalized and amortized over the estimated useful life of the software. Internal-use software assets are evaluated for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Outsourcing Contract Costs

Costs of outsourcing contracts, including costs incurred for bid and proposal activities, are generally expensed as incurred. However, certain costs incurred upon initiation of an outsourcing contract are deferred and expensed over the contract life. These costs represent incremental external costs or certain specific internal costs that are directly related to the contract acquisition or transition activities and can be separated into two principal categories: contract premiums and transition/set-up costs. Examples of such capitalized costs include labor and related fringe benefits, subcontractor costs, travel costs, and premiums on property and equipment purchases.

Contract premiums are amounts paid to customers in excess of the fair value of assets acquired. Fixed assets acquired in connection with outsourcing contracts are capitalized at fair value and depreciated consistent with the depreciation and amortization policy described above. Contract premiums paid are capitalized as outsourcing contract costs and amortized over the contract life. The amortization of contract premiums is accounted for as a reduction in revenue.

Transition/set-up costs are primarily associated with assuming control over customer IT operations and transforming them to be consistent with contract specifications and are amortized over the contract life.

When indications exist that an outsourcing contract cost balance related to a particular contract may be impaired, the remaining estimated undiscounted cash flows of the contract are compared to the associated long-lived asset group including the unamortized outsourcing contract cost balance. If the remaining estimated undiscounted cash flows are not adequate to recover the unamortized cost balance of the asset group, a detailed evaluation is performed and, based on the fair value of the long-lived assets group, any unrecoverable balance is recognized as an impairment charge in the period. Examples of such indicators include when a contract is materially underperforming, or is expected to materially underperform in the future, as compared to the original bid model or subsequent annual budgets.

In the event of an early termination of an outsourcing contract, the Company and the customer, pursuant to certain contractual provisions, engage in discussions to determine the recovery of unamortized contract costs, lost profits, transfer of personnel, rights to implemented systems and processes, as well as other matters.

Stock-Based Compensation

The Company provides different forms of stock-based compensation to its employees and non-employee directors. This includes stock options and restricted stock units (RSUs), including performance-based restricted stock units (PSUs). The fair value of the awards is determined on the grant date, based on the Company's closing stock price. For awards settled in shares, the Company recognizes compensation expense based on the grant-date fair value net of estimated forfeitures over the vesting period. For awards settled in cash, the Company recognizes compensation expense based on the fair value at each reporting date net of estimated forfeitures.

The Company uses the Black-Scholes-Merton model in determining the fair value of options granted. The expected term is calculated based on the Company’s historical experience with respect to its stock plan activity and an estimate of when vested and unexercised option shares will be exercised. The expected term of options is based on job tier classifications, which have different historical exercise behavior. The risk-free interest rate is based on the zero-coupon interest rate of U.S. government issued treasury strips with a period commensurate with the expected term of the options. Expected volatility is based on a blended approach, which uses a 2/3 weighting for historical volatility and 1/3 weighting for implied volatility. The Company’s historical volatility calculation is based on historical closing prices and employee class, in order to better align this factor with the expected terms of the stock options. With the introduction of a cash dividend in fiscal 2011, the dividend yield assumption was added and is based on the respective fiscal year dividend payouts. The Company periodically evaluates its significant assumptions used in the fair value calculation.

Acquisition Accounting and Goodwill

When the Company acquires a controlling financial interest through a business combination, CSC uses the acquisition method of accounting to allocate the purchase consideration to the assets acquired and liabilities assumed, which are generally recorded at fair value. Any excess of purchase consideration over the fair value of the acquired assets and assumed liabilities is recognized as goodwill.

If the initial accounting for an acquisition is incomplete by the end of the reporting period in which it occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. If CSC obtains new information about facts and circumstances that existed as of the acquisition date that, if known, would have changed the measurement of the amounts originally recognized, CSC may retroactively adjust the provisional amounts recognized at the acquisition date for up to one year from the date of acquisition. Any measurement adjustments to the acquired assets or the assumed liabilities are recorded with a corresponding adjustment to goodwill.

For contingent consideration recorded as a liability, the Company initially measures the amount at fair value as of the acquisition date and adjusts the liability, if needed, to fair value each reporting period. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recognized as operating income or expense.

Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred. The results of operations of acquired businesses are included in the Consolidated Financial Statements from the acquisition date.

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. 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 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 follows GAAP-prescribed rules when determining if goodwill has been impaired. Initially, an assessment of qualitative factors is conducted 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. If the Company determines that it is not more likely that its carrying amount is less than its fair value for a reporting unit, then the subsequent two-step goodwill impairment testing process is not required. If the Company determines that it is more likely than not that its carrying amount is greater than its fair value for a reporting unit, then it proceeds with the subsequent two-step process.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. Step one of the process 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, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. In this step, the reporting unit’s fair value is determined and allocated to all the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in order to calculate the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business acquisition. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

When the Company performs step one of the two-step 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 a 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.

If CSC performs a step one analysis 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 (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 reasonable in light of the actual acquisition transactions, the Company reevaluates its fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions. As a result, when CSC’s stock price - and thus market capitalization - is low relative to the sum of the estimated fair value of its reporting units, this reevaluation can result in reductions to its estimated fair values for the reporting units.

Fair Value

The Company uses the fair value measurement guidance to value certain of its assets and liabilities. Under this guidance, assets and liabilities are required to be valued based on assumptions used by a market participant and exit price, consistent with the following hierarchy of inputs:

Level 1: Quoted prices unadjusted for identical assets or liabilities in an active market.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly, for similar assets or liabilities.

Level 3: Unobservable inputs that reflect the entity’s own assumptions which market participants would use in pricing the asset or liability.

The assets and liabilities which are valued using the fair value measurement guidance, on a recurring basis, include the Company’s money market funds and money market deposits, time deposits, short-term investments, pension assets, and derivative instruments including foreign currency forward and option contracts, interest rate swap contracts and total return swaps.

The fair value of foreign currency forward contracts is based on quoted prices for similar but not identical derivative instruments; as such, the inputs are considered Level 2 inputs. Option contracts are valued using inputs which are based on quoted pricing intervals from external valuation models, which do not involve management judgment and as such these inputs are considered Level 2 inputs. The fair value of interest rate swaps is estimated based on valuation models that use interest rate yield curves as inputs, which also do not involve management judgment and as such these inputs are considered Level 2 inputs. Total return swaps are settled on the last day of every fiscal month. Certain pension assets are valued using model based pricing methods that use observable market data; as such these inputs are considered Level 2 inputs. There were no significant assets or liabilities measured at fair value on a recurring basis using significant unobservable (Level 3) inputs.

Receivables

Receivables consist of amounts billed and currently due from customers, amounts earned but unbilled (including contracts measured under the percentage-of-completion method of accounting), amounts retained by the customer until the completion of a specified contract, negotiation of contract modification, and claims.

Allowances for uncollectible billed trade receivables are estimated based on a combination of write-off history, aging analysis and any known collectability issues. Unbilled amounts under contracts in progress that are recoverable do not have an allowance for credit losses. Adjustments to unbilled amounts under contracts in progress related to credit quality, should they occur, would be recorded as a reduction of revenue.

During fiscal 2016 the Company entered into agreements with financial institutions for the continuous non-recourse sale of its eligible North American Public Sector (NPS) segment trade receivables. CSC accounted for these receivable transfers as sales under ASC 860 "Transfers and Servicing" and derecognized the sold receivables from its Consolidated Balance Sheets. The fair value of the sold receivables approximated their book value due to their short-term nature, and as a result no gain or loss on sale of receivables was recorded. CSC estimated that its servicing fee was at fair value and therefore, no servicing asset or liability related to these services was recognized.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future undiscounted net cash flows are less than the carrying amount, an expense is recorded in the amount, if any, required to reduce the carrying amount to fair value. Fair value is determined based on a discounted cash flow approach or, when available and appropriate, comparable market values. Long-lived assets to be disposed of are reported at the lower of their carrying amount or their fair value less costs to sell.

Income Taxes

The Company uses the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, using statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date.

A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the Company's tax provision during the period in which the change occurred. In determining whether a valuation allowance is warranted, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies, and recent financial operations. The Company recognizes uncertain tax positions within the Consolidated Financial Statements when it is more likely than not that the tax position will be sustained upon examination. Uncertain tax positions are measured based on the probabilities that the uncertain tax position will be realized upon final settlement (see Note 12).

The Company elected to early adopt ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" (ASU 2016-09) in the fourth quarter of fiscal 2016, effective as of the beginning of the Company's annual period, April 4, 2015. As a result, the Company records excess tax benefits related to employee share-based payment awards within income tax (benefit) expense during the reporting period in which they occur, instead of as adjustments to additional paid-in capital.

Additionally, all tax-related cash flows resulting from excess tax benefits related to the settlement of stock-based awards are classified as cash flows from operating activities and cash paid by directly withholding shares for tax withholding purposes is classified as a financing activity in the Consolidated Statements of Cash Flows.

Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less to be cash equivalents. The Company's cash equivalents consist of time deposits, money market funds and money market deposit accounts with a number of institutions that have high credit ratings.

Foreign Currency

The local currency of the Company's foreign affiliates is generally their functional currency. Accordingly, the assets and liabilities of the foreign affiliates are translated from their respective functional currency to U.S. dollars using year-end exchange rates, income and expense accounts are translated at the average rates in effect during the year, and equity accounts are translated at historical rates. The resulting translation adjustment is reported in the Consolidated Statements of Comprehensive Income (Loss) and recorded as part of accumulated other comprehensive income (loss) (AOCI).

Derivative Instruments

The Company is exposed to certain market risks, including the effect of changes in interest rates and foreign currency exchange rates, and the value of notional investments underlying the Company's non-qualified deferred compensation plan. Changes in benchmark interest rates can impact the fair value of the Company's term notes, whereas changes in foreign currency exchange rates can impact the Company's foreign currency denominated monetary assets and liabilities and forecasted transactions in foreign currency. Market volatility of the notional investments underlying the Company's non-qualified deferred compensation plan can impact the Company's obligations under the plan. The Company uses derivative instruments to mitigate the impact of these market risks, not for trading or any speculative purpose.

The Company designates certain derivative instruments as hedges for purposes of hedge accounting, as defined under ASC 815, “Derivatives and Hedging.” For such derivative instruments, the Company documents its risk management objectives and strategy for undertaking hedging transactions, as well as all relationships between hedging and hedged risks. The Company's derivative instruments designated for hedge accounting consist mainly of interest rate swaps and foreign currency forward contracts. Changes in the fair value measurements of the cash flow hedge derivative instruments are reflected as adjustments to other comprehensive income (loss) and subsequently reclassified into earnings in the period during which the hedged transactions are recognized in earnings. Changes in fair value measurements of interest rate swaps are recorded in current period earnings and fully offset the changes in the fair value of the hedged debt where such instruments have qualified for the short-cut method of hedge accounting under ASC 815.

The derivative instruments not designated as hedges for purposes of hedge accounting include total return swaps and certain short-term foreign currency forward and option contracts. These instruments are recorded at their respective fair values and the change in their value is reported in current period earnings.

All cash flows associated with the Company's derivative instruments are classified as operating activities in the Consolidated Statements of Cash Flows.

Earnings (Loss) Per Share

Basic EPS are computed using the weighted average number of common shares outstanding during the period. Diluted EPS reflect the incremental shares issuable upon the assumed exercise of stock options and equity awards.

New Accounting Standards

During fiscal year 2016, the Company adopted the following Accounting Standard Updates (ASUs):

ASU 2016-09

In March 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-09 which, among other elements, requires the excess tax benefits and deficiencies related to employee share-based payment awards and related dividends to be recorded in the statement of operations during the reporting period in which they occur. Additionally, it allows the Company to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest (consistent with current GAAP) or account for forfeitures when they occur. ASU 2016-09 also requires that all tax-related cash flows resulting from share-based payments, including the excess tax benefits related to the settlement of stock-based awards, be classified as cash flows from operating activities, and that cash paid by directly withholding shares for tax withholding purposes be classified as a financing activity in the Consolidated Statements of Cash Flows.

CSC elected to early adopt ASU 2016-09 in the fourth quarter of fiscal 2016 which requires us to reflect any adjustments as of April 4, 2015, the beginning of the annual period that includes the adoption. Amendments requiring recognition of excess tax benefits and tax deficiencies within the Consolidated Statements of Operations were adopted prospectively and resulted in the recognition of $23 million, or $0.16 per share, of excess tax benefits within income tax (benefit) expense. We have elected to continue to estimate forfeitures expected to occur to determine the amount of compensation expense to be recognized in each period.

ASU 2016-09 amendments related to presentation within the Consolidated Statements of Cash Flows were applied retrospectively, and resulted in the reclassification of $23 million, $18 million, and $8 million of excess tax benefits related to the settlement of stock-based awards from financing to operating activities, and $48 million, $22 million and $9 million of taxes paid related to net share settlements of stock-based compensation awards from operating activities to financing activities for the twelve months ended April 1, 2016, April 3, 2015 and March 28, 2014, respectively.

ASU 2015-17

In November 2015, the FASB issued ASU 2015-17 (Topic 740), "Balance Sheet Classification of Deferred Taxes" (ASU 2015-17). ASU 2015-17 requires deferred tax liabilities and assets to be classified as non-current in the Consolidated Balance Sheets. CSC adopted ASU 2015-17, on a retrospective basis in the third quarter of fiscal 2016. As a result of adopting ASU 2015-17, CSC has separately offset current and long-term deferred tax liabilities and current and long-term deferred tax assets, as well as any related valuation allowance.

The following table summarizes the adjustments made as of April 3, 2015 to conform prior period classifications with the new guidance:

		As of April 3, 2015		
(Amounts in millions)	**Balance sheet line item**	**Balance Prior to Adoption[1]**	**Adjustments Increase/ (Decrease)**	**As Adjusted**
Current deferred income tax assets	Prepaid expenses and other current assets	$ 53	$ (53)	$ —
Long-term deferred income tax assets	Deferred income taxes, net	353	43	396
Total tax assets		$ 406	$ (10)	$ 396
Current deferred income tax liabilities	Income taxes payable	(26)	26	—
Long-term deferred income tax liabilities	Long-term income tax liabilities and deferred income taxes	252	(36)	216
Total tax liabilities		$ 226	$ (10)	$ 216
Net deferred tax asset		$ 180	$ —	$ 180

[1] *Certain adjustments have been made to the balances prior to adoption (see Note 24).*

ASU 2014-08

In April 2014, the FASB issued ASU 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity” (ASU 2014-08), which changes the requirements for reporting discontinued operations in Subtopic 205-20 “Presentation of Financial Statements - Discontinued Operations.” ASU 2014-08 requires expanded disclosures for discontinued operations designed to provide users of financial statements with more information about the assets, liabilities, revenues, expenses and cash flows related to discontinued operations. ASU 2014-08 also requires an entity to disclose the pre-tax profit or loss of an individually significant component of an entity that does not qualify for discontinued operations reporting. The adoption of ASU 2014-08, which became effective on April 4, 2015, did not have a material impact on CSC's Consolidated Financial Statements, other than the expanded disclosures related to its discontinued operations.

Standards Issued But Not Yet Effective

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

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". This amendment 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. ASU 2016-02 will be effective for CSC in fiscal 2020 and early adoption is permitted. This ASU must be adopted using a modified retrospective transition and provides for certain practical expedients. CSC is currently evaluating the impact that the adoption of ASU 2016-02 may have on its Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" (ASU 2016-01), which updates certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 will be effective for CSC in fiscal 2019. CSC is currently evaluating the impact that the adoption of ASU 2016-01 may have on its Consolidated Financial Statements.

In August 2015, the FASB issued ASU 2015-15, "Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements - Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting" (ASU 2015-15). Specifically, the ASU states that SEC staff would not object to an entity deferring debt issuance costs and presenting such costs as an asset which is subsequently amortized ratably over the term of the underlying line of credit (LOC) arrangement. Presentation of fees under LOC arrangements had not been specified in the April 2015 guidance issued by the FASB, ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03). Under the guidance in ASU 2015-03, debt issuance costs are presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. ASU 2015-15 is effective upon adoption of ASU 2015-03. Early adoption of ASU 2015-03 is allowed for financial statements that have not previously been issued. The guidance is to be applied retrospectively to all prior periods. ASUs 2015-03 and 2015-15 will be effective for CSC beginning in Fiscal 2017. CSC is currently evaluating the impact that the combined adoption of these ASUs may have on its Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, “Consolidation (Topic 810): Amendments to the Consolidation Analysis” (ASU 2015-02). The objective of ASU 2015-02 was to modify the consolidation requirements of Topic 810 to ensure that reporting entities do not consolidate other legal entities in situations where deconsolidation provides a more accurate representation of operating and economic results. Among other changes, the amendments to ASC 810 include lessening the relevance of fees paid to a decision-maker or service provider and the related party tiebreaker test. The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and for interim periods within those fiscal years . This ASU may be adopted using a full retrospective approach or a modified retrospective approach by recording a cumulative effect adjustment to equity as of the beginning of the fiscal year of adoption. ASU 2015-02 will be effective for CSC beginning in fiscal 2017. CSC is currently evaluating the impact of adopting the available methodologies of ASU 2015-02 upon its Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (ASU 2014-09). ASU 2014-09 supersedes the revenue recognition requirements in ASC Topic 605, “Revenue Recognition” and some cost guidance included in ASC Subtopic 605-35, "Revenue Recognition - Construction-Type and Production-Type Contracts”. The core principle of ASU 2014-09 is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which CSC expects to be entitled in exchange for those goods or services. ASU 2014-09 requires the disclosure of sufficient information to enable readers of CSC’s financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. ASU 2014-09 also requires disclosure of information regarding significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 provides two methods of retrospective application. The first method would require CSC to apply ASU 2014-09 to each prior reporting period presented. The second method would require CSC to retrospectively apply ASU 2014-09 with the cumulative effect recognized at the date of initial application. ASU 2014-09 will be effective for CSC beginning in fiscal 2019 as a result of ASU 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date" (ASU 2015-14) which was issued by the FASB in August 2015 and extended the original effective date by one year. CSC is currently evaluating the impact of adopting the available methodologies of ASU 2014-09 and 2015-14 upon its Consolidated Financial Statements.

There have been three new ASUs issued amending certain aspects of ASU 2014-09. ASU 2016-08 "Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)," was issued in March, 2016 to clarify certain aspects of the principal versus agent guidance in ASU 2014-09. In addition, ASU 2016-10 "Identifying Performance Obligations and Licensing" issued in April 2016, amends other sections of ASU 2014-09 including clarifying guidance related to identifying performance obligations and licensing implementation. Finally, ASU 2016-12, "Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients" provides amendments and practical expedients to the guidance in ASU 2014-09 in the areas of assessing collectability, presentation of sales taxes received from customers, noncash consideration, contract modification and clarification of using the full retrospective approach to adopt ASU 2014-09. With its evaluation of the impact of ASU 2014-09, CSC will also consider the impact related to the updated guidance provided by these three new ASUs.

Other recently issued ASUs effective after April 1, 2016 are not expected to have a material effect on CSC's Consolidated Financial Statements.

Note 2 - Settlement of SEC Investigation

During the first quarter of fiscal 2016, the previously disclosed agreed-upon settlement with the SEC was formally approved by the SEC. The settlement became effective on June 5, 2015 and the Company paid a penalty of $190 million on June 11, 2015. As part of the settlement, the Company also agreed to implement a review of its compliance policies through an independent compliance consultant and to cease and desist from further violations of the anti-fraud, reporting, and books-and-records provisions of the U.S. securities laws. As part of the settlement, the Company neither admitted nor denied the SEC’s allegations concerning such matters. Further, as part of the settlement, on June 5, 2015, the Company filed its Form 10-K/A in respect of its fiscal year ended March 28, 2014 in order to restate its financial statements for fiscal 2012 and its summary financial results for fiscal 2011 and 2010 reflected in the five-year financial data table, all as previously set forth in the Company’s originally filed Form 10-K for its 2014 fiscal year. The restatement had no impact on the Company’s Consolidated Balance Sheets, Statements of Operations, Statements of Comprehensive Income (Loss), Statements of Cash Flows and Statements of Changes in Equity for fiscal 2013 or fiscal 2014 or on its financial statements for fiscal 2015. The independent compliance consultant completed its review of the Company's compliance policies and submitted its report to the SEC on October 2, 2015. The Company has completed implementation of the consultant's recommendations.

Note 3 - Acquisitions

Fiscal 2016 Acquisitions

UXC Acquisition

On February 26, 2016, CSC acquired all outstanding capital stock of UXC Limited (UXC), a publicly owned IT services company which is a leading provider of enterprise application capabilities, consulting, applications management, professional services, connect infrastructure and health services in Australia. UXC was listed on the Australian Securities Exchange under the symbol "UXC". UXC was acquired for total purchase consideration of $289 million (net of cash acquired of $13 million). The purchase consideration included cash paid at closing to and on behalf of the UXC shareholders of $302 million and was funded from existing cash balances.

The acquisition continues CSC's process of rebalancing its offering portfolio, strengthening CSC's next-generation delivery model, and expanding its client base around the world. Transaction costs associated with the acquisition of $7 million are included within selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

The preliminary allocation of the UXC purchase price to the assets acquired and liabilities assumed is presented below as of the acquisition date:

(Amounts in millions)	Estimated Fair Value
Accounts receivable and other current assets	$ 125
Intangible assets - software	4
Intangible assets - customer relationships	74
Intangible assets - trade names	13
Deferred tax asset, long-term	15
Property and equipment and other noncurrent assets	20
Accounts payable	(32)
Accrued payroll and other current liabilities	(22)
Accrued expenses and other current liabilities	(32)
Deferred revenue	(23)
Debt	(45)
Deferred tax liability, long-term	(37)
Other long-term liabilities	(12)
Total identifiable net assets acquired	48
Goodwill	254
Total estimated consideration	$ 302

As of the acquisition date, the fair value of trade receivables approximated book value and was considered fully recoverable. The amortizable lives associated with the intangible assets acquired includes customer relationships which have a ten-year estimated useful life.

The goodwill recognized with the acquisition is attributable to the intellectual capital and the acquired assembled work force, none of which qualify for recognition as a separate intangible asset. The goodwill arising from the acquisition was allocated to the Company's reportable segments based on the relative fair value of the expected incremental cash flows that the acquisition was expected to provide to each reporting unit within the Company's reportable segments. The goodwill associated with this acquisition is not deductible for tax purposes. The Company’s purchase price allocation for the UXC acquisition is preliminary and subject to revision as additional information related to the fair value of assets and liabilities becomes available.

For the fiscal year ended April 1, 2016, UXC contributed revenues of $42 million and operating loss of $1 million. Disclosure of proforma information required under ASC Topic 805, “Business Combinations" is impracticable, due to different fiscal year-ends and financial records that are not available in GAAP.

Axon Acquisition

On December 11, 2015, CSC acquired all of the outstanding capital stock of Axon Puerto Rico, Inc. (Axon), a provider of enterprise application and infrastructure managed services to aerospace and defense, and other commercial industries, for cash consideration of $29 million (net of cash acquired of $5 million), which was funded from existing cash balances. The acquisition further advances CSC’s position as a leader in providing cost effective, highly-secure IT managed services to firms worldwide, strengthens CSC’s next-generation delivery model and expands its network of regional delivery centers. The preliminary purchase price was allocated to assets acquired and liabilities assumed based upon the current determination of fair values at the date of acquisition, as follows: $5 million to current assets, $3 million to noncurrent assets, $11 million to an intangible asset other than goodwill, $2 million to current liabilities, and $12 million to goodwill. The goodwill is associated with the Company's GBS segment and is tax deductible. The amortizable lives associated with the intangible assets acquired includes customer relationships which have a ten-year estimated useful life. Transaction costs associated with the acquisition were less than $1 million and are included within selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

Fixnetix Acquisition

On September 24, 2015, CSC acquired all of the outstanding capital stock of Fixnetix, Limited (Fixnetix), a privately held provider of front-office managed trading solutions for capital markets, for total purchase consideration of $112 million. The acquisition enhances CSC's ability to offer capital market clients an expanded range of as-a-service front office capabilities and address the growing demand for greater efficiency and innovation in trading, market data, hosting, infrastructure, connectivity and risk management.

The purchase consideration included cash of $88 million (net of $1 million of cash acquired) paid at closing, the estimated fair value of contingent consideration as of the acquisition date of $21 million, and $2 million of adjustments to the acquisition final net working capital in the fourth quarter of fiscal 2016. The estimated amount of contingent consideration was based on a contractually defined multiple of Fixnetix's revenues during two specified periods, as well as other considerations.

The acquisition was funded from CSC's existing cash balances. Transaction costs of approximately $1 million are included within selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

The allocation of the Fixnetix purchase price to the assets acquired and liabilities assumed is presented below:

(Amounts in millions)	Estimated Fair Value at Acquisition Date
Accounts receivable and other current assets	$ 13
Intangible asset - developed technology	4
Intangible assets - customer relationships and trade names	44
Property and equipment and other noncurrent assets	8
Trade payables, accrued expenses and deferred revenue	(26)
Leases and other long-term liabilities	(6)
Deferred tax liability, net	(2)
Total identifiable net assets acquired	35
Goodwill	77
Total consideration	$ 112

The amortizable lives associated with the intangible assets acquired are as follows:

Description	Estimated Useful Lives (Years)
Developed technology	9
Customer relationships	3-8
Trade names	6

The goodwill recognized with the acquisition is attributable to the intellectual capital, the acquired assembled work force, and expected cost synergies, none of which qualify for recognition as a separate intangible asset. Such goodwill is associated with the GIS segment and is not tax-deductible.

As of April 1, 2016, the Company determined that the estimated contingent consideration would be not be earned in relation to this acquisition, primarily due to the current determination of the forecasted Fixnetix revenues. As a result, total contingent consideration liability of $19 million, including foreign currency adjustments, was released as a reduction to selling, general, and administrative expenses within the Consolidated Statements of Operations.

Fruition Acquisition

On September 17, 2015, CSC acquired all of the outstanding capital stock of Fruition Partners (Fruition), a privately-held company that is a leading provider of technology-enabled solutions for the service management sector and the largest ServiceNow-exclusive service management consulting firm. The acquisition bolsters CSC's ability to offer enterprise and emerging clients an expanded range of cloud-based service-management solutions to improve their business through organizational efficiency and lower operating costs.

Cash consideration of $148 million (net of cash acquired of $2 million) was paid at closing for this acquisition. The acquisition was funded from CSC's existing cash balances. The Company incurred transaction costs of approximately $2 million associated with this acquisition which are included within selling, general and administrative expenses in the Company's Consolidated Statements of Operations.

The allocation of the Fruition purchase price to the assets acquired and liabilities assumed is presented below:

(Amounts in millions)	Estimated Fair Value at Acquisition Date
Accounts receivable and other current assets	$ 19
Deferred tax assets	3
Intangible asset - developed technology	7
Intangible assets - customer relationships and trade names	35
Intangible assets - noncompete agreements	2
Property and equipment and other noncurrent assets	1
Trade payables, accrued expenses and deferred revenue	(12)
Deferred tax liabilities, net	(8)
Total identifiable net assets acquired	47
Goodwill	103
Total consideration	$ 150

The amortizable lives associated with the intangible assets acquired are as follows:

Description	Estimated Useful Lives (Years)
Developed technology	5
Customer relationships	11-13
Trade names	Indefinite

The goodwill recognized with the acquisition is attributable to the intellectual capital, the acquired assembled work force, and expected cost synergies, none of which qualify for recognition as a separate intangible asset. Such goodwill is associated with the GBS segment and is not tax-deductible.

Pro forma financial information for the UXC, Axon, Fixnetix, and Fruition acquisitions have not been presented as they were neither individually nor in the aggregate material to the Company's consolidated results.

Fiscal 2015 Acquisitions

During fiscal 2015, CSC acquired Autonomic Resources, LLC (Autonomic) and a privately held entity for cash consideration of $14 million and $35 million, respectively. Autonomic and the privately held entity were components of the Company's former NPS segment which was spun-off during the third quarter of fiscal 2016.

Fiscal 2014 Acquisitions

ServiceMesh Acquisition

On November 15, 2013, CSC acquired ServiceMesh Inc. (SMI), a privately-held cloud services management company, headquartered in Santa Monica, California, with operations in the United States, Australia and the United Kingdom, for total purchase consideration of $282 million. The acquisition enhances CSC's ability to help its clients migrate their applications into cloud computing environments and to automate the deployment and management of enterprise applications and platforms across private, public and hybrid cloud environments.

Purchase consideration included: 1) cash of $163 million paid at closing to and on behalf of the SMI shareholders, including $10 million paid to retire SMI's debt and 2) additional consideration of $119 million contingent on the achievement of contractually agreed revenue targets. The Company incurred transaction costs of $4 million associated with this acquisition, which are included within selling, general and administrative expenses in the Consolidated Statements of Operations. The acquisition was funded from CSC's existing cash balances.

The amount of contingent consideration was based on a contractually defined multiple of SMI's revenues during a specified period ending January 31, 2014. The Company determined the fair value of the contingent consideration payable using a probability-weighted approach, which at the end of the third quarter of fiscal 2014 was preliminarily estimated to be $137 million, representing the maximum amount of contingent consideration payable. During the fourth quarter of fiscal 2014, the Company reduced the fair value of the contingent consideration payable and goodwill by $18 million, based on additional facts and circumstances that existed as of the acquisition date but which were not known until the fourth quarter of fiscal 2014. These facts, had they been known, would have reduced the Company's original acquisition-date estimate of the fair value of contingent consideration to $119 million.

After the expiration of the contractual period, the final amount of the contingent consideration payable was determined to be $98 million, which was paid during the fourth quarter of fiscal 2014. The $21 million difference between the revised fair value of contingent consideration liability of $119 million and the actual amount paid of $98 million, was primarily due to the deferral of revenues related to certain software license sales to periods beyond the specified earn-out measurement period. The entire difference of $21 million was recognized as a reduction to selling, general and administrative expenses in the Consolidated Statements of Operations during the fourth quarter of fiscal 2014.

The results of SMI are included in the Consolidated Financial Statements from the date of acquisition, within its GIS segment. For the fiscal year ended March 28, 2014, SMI contributed revenues of $18 million, and operating income of $17 million (primarily due to the $21 million adjustment described above) offset by $4 million of amortization of the acquired intangibles.

The allocation of purchase consideration to assets acquired and liabilities assumed, including the fourth quarter fiscal 2014 adjustments to the estimated fair value of contingent consideration, is presented below:

(Amounts in millions)		Estimated Fair Value
Accounts receivable and other current assets	$	3
Deferred tax assets		31
Intangible asset - developed technology		94
Intangible assets - customer relationships and trade names		10
Property and equipment and other non-current assets		2
Deferred revenue and other current liabilities		(4)
Deferred tax liabilities		(38)
Total identifiable net assets acquired		98
Goodwill [(1)]		184
Total consideration	$	282

[(1)] As part of the Separation of CSRA, $36 million of goodwill that was allocated to the former NPS reporting segment was divested in the third quarter of fiscal 2016.

As of the acquisition date, the fair value of trade receivables approximated book value and was considered fully recoverable.

The amortizable lives associated with the intangible assets acquired are as follows:

Description	Estimated Useful Lives (Years)
Developed technology	9
Customer relationships	3
Trade names	4 - 6

The goodwill recognized with the acquisition is attributable to the intellectual capital, the acquired assembled work force, and expected cost synergies, none of which qualify for recognition as a separate intangible asset. The goodwill arising from the acquisition was allocated to the Company's reportable segments based on the relative fair value of the expected incremental cash flows that the acquisition was expected to provide to each reporting unit within the Company's reportable segments. Goodwill was allocated as follows: GBS: $28 million and GIS: $120 million. The goodwill associated with this acquisition is not deductible for tax purposes.

In connection with the SMI acquisition, the Company granted RSUs to certain SMI employees with a grant-date fair value of $41 million. Awards associated with the continuing employment of the SMI employees generally vest over a three-year period, beginning from the date of acquisition, and are recorded as compensation expense ratably over the three-year period.

Infochimps Acquisition

On August 5, 2013, CSC acquired Infochimps, Inc. (Infochimps), a privately held company, in an all-cash transaction for $27 million. The acquisition complements CSC’s existing big data business by providing a flexible, scalable, platform-as-a-service offering. The purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition: $2 million to current and other long-term assets, $2 million to current and long-term liabilities, and $27 million to goodwill. As of the acquisition date, the fair value of trade receivables approximated book value and was considered fully recoverable. The goodwill is associated with the Company's GBS segment and is not tax-deductible.

Pro forma financial information for the fiscal 2014 acquisitions was not presented as the effect of the acquisitions was neither individually nor in the aggregate material to CSC's consolidated results.

Note 4 - Divestitures

Separation of CSRA

On November 27, 2015, CSC completed the Separation of CSRA through a pro rata distribution of all shares of CSRA common stock to CSC stockholders as of the close of business on the Record Date. CSC stockholders received one share of CSRA common stock for every one share of CSC common stock held on the Record Date. In connection with the Separation, CSC and CSRA each paid concurrent special cash dividends as more fully described in Note 15. As a result of the Separation, CSC no longer owns CSRA common stock. CSRA's assets and business primarily consist of those that the Company previously reported as its North American Public Sector (NPS) segment.

Implementation of the Separation and CSC's post-Separation relationship with CSRA is governed by several agreements, including a master separation and distribution agreement and intellectual property (IP) matters, real estate matters, tax matters, non-U.S. agency and employee matters agreements. CSRA is considered a related party under ASC 850 "Related Party Disclosures" (see Note 22).

Pursuant to the IP matters agreement CSC granted to CSRA perpetual, royalty-free, non-assignable licenses to certain know-how owned by CSC and certain software products, trademarks and workflow and design methodologies. Under the IP matters agreement, CSRA pays CSC an annual net maintenance fee of $30 million per year for each of the five years following the distribution in exchange for maintenance services. In addition, CSRA will pay CSC additional maintenance fees if CSRA's total consolidated revenue or revenue from cloud computing solutions exceeds certain thresholds in any fiscal year during the initial five-year term. During the third quarter of fiscal 2016, CSC received a payment of $30 million from CSRA, of which $10 million is included in revenues in its Consolidated Statements of Operations for the fiscal year ended April 1, 2016, and $20 million is included in deferred revenue and advance contract payments in its Consolidated Balance Sheet at April 1, 2016, which will be amortized to revenues over successive periods.

The real estate matters agreement with CSRA governs the respective rights and responsibilities between CSC and CSRA for real property, including the allocation of space within shared facilities and the allocation of standalone facilities between CSC and CSRA. Pursuant to the real estate matters agreement, CSC transferred to CSRA ownership of certain real property and entered into facility lease agreements with CSRA for space shared in certain facilities. For the fiscal year ended April 1, 2016, CSC recorded lease expense of approximately $1 million under the facility lease agreements, which expire at various dates through 2020.

The tax matters agreement with CSRA governs the respective rights, responsibilities and obligations of CSC and CSRA after the Separation with respect to all tax matters and includes restrictions designed to preserve the tax-free status of the distribution. Generally, as a matter of federal law, CSRA continues to have joint and several liability to the IRS for the full amount of the consolidated U.S. federal income taxes of the consolidated group relating to the taxable periods in which CSRA is part of that group. CSC has indemnified CSRA for such joint and several liability. CSRA will be responsible for income tax liabilities for separately filed income tax returns for CSRA entities for taxable periods ending on, before, or after the Separation. CSC and CSRA will generally be responsible for all taxes for periods after the Separation of their respective businesses and have given cross indemnities to that effect. Additionally, CSC and CSRA are responsible for liabilities for non-income taxes related to their respective businesses before the Separation regardless of whether CSC or a CSRA entity filed the returns. The obligations set forth under the tax matters agreement continue until the longer of final settlement or expiration of applicable statutes of limitations.

Under the Non-U.S. Agency Agreement, CSRA has appointed CSC as their exclusive agent outside the U.S. with regard to certain non-U.S. customers, subject to some exceptions, for a period of five years after the distribution.

The employee matters agreement with CSRA addresses employment, compensation and benefits matters including the allocation and treatment of liabilities and responsibilities relating to employee compensation and benefit plans and programs. Refer to Note 14 for additional information regarding pension and other benefit plans and Note 16 for additional information regarding stock incentive plans.

CSC is also a party to certain commercial agreements with CSRA. CSC recognized $25 million of revenue under such commercial agreements for the fiscal year ended April 1, 2016. CSC and CSRA are also party to computer hardware lease agreements, which originated prior to the Separation, and expire at various dates through fiscal 2021.

Concurrent with the Separation, CSRA entered into definitive agreements providing for approximately $3.5 billion of secured indebtedness, of which approximately $1.5 billion was drawn prior to the Separation to fund the Special Dividend, transaction costs and repayment of indebtedness.

Prior to the Separation, CSRA issued a note payable to the Company in the amount of $350 million that was repaid by CSRA in connection with the Separation. The majority of the proceeds of the note payable were used to pay a portion of the Special Dividend and the remaining amount of $37 million was used to retire a portion of CSC's 6.5% term notes due March 2018 (see Note 13).

During the fiscal year ended April 1, 2016 the Company incurred $122 million of costs in connection with the Separation, primarily related to professional fees associated with preparation of regulatory filings and Separation activities within finance, tax, legal and information system functions. Income from discontinued operations, net of taxes includes $103 million of these costs, and the remaining amount of $19 million was included within Loss from continuing operations.

The following is a summary of the assets and liabilities distributed as part of the Separation of CSRA on November 27, 2015:

(Amounts in millions)	
Assets:	
Cash and cash equivalents	$ 1,440
Receivables, net	470
Prepaid expenses and other current assets	83
Property and equipment, net	472
Software, net	39
Goodwill, net	826
Other assets	185
Total assets	$ 3,515
Liabilities:	
Short-term debt and current maturities of long-term debt	$ 71
Accounts payable	45
Accrued payroll and related costs	109
Accrued expenses and other current liabilities	300
Deferred revenue and advance contract payments	137
Long-term debt, net of current maturities	1,631
Other long-term liabilities	555
Total liabilities	$ 2,848
Net assets distributed	$ 667

Additionally, approximately $31 million of accumulated other comprehensive loss, net of tax and $30 million of noncontrolling interest in subsidiaries were distributed to CSRA. In the fourth quarter of fiscal 2016, the Company recorded additional adjustments to retained earnings of $13 million.

The following is a summary of the assets and liabilities of CSRA that have been classified as assets and liabilities of discontinued operations as of April 3, 2015:

(Amounts in millions)	April 3, 2015
Cash and cash equivalents	$ 22
Receivables, net	691
Prepaid expenses and other current assets	93
Property and equipment, net	473
Software, net	33
Goodwill, net	833
Other assets	140
Total assets of the disposal group	$ 2,285

(Amounts in millions)	April 3, 2015
Short-term debt and current maturities of long-term debt	$ 21
Accounts payable	128
Accrued payroll and related costs	90
Accrued expenses and other current liabilities	291
Deferred revenue and advance contract payments	161
Long-term debt, net of current maturities	130
Other long-term liabilities	624
Total liabilities of the disposal group	$ 1,445

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

	Twelve Months Ended		
(Amounts in millions)	April 1, 2016[1]	April 3, 2015	March 28, 2014
Revenues	$ 2,504	$ 4,056	$ 4,099
Costs of services	1,935	3,375	3,240
Selling, general and administrative	52	120	121
Depreciation and amortization	90	137	148
Restructuring costs	1	5	2
Separation and merger costs	103	—	—
Interest expense	15	22	19
Other (income) expense, net	(21)	2	—
Income from discontinued operations before income taxes	329	395	569
Income tax expense	(138)	(142)	(209)
Income from discontinued operations, net of tax	$ 191	$ 253	$ 360

[1] *Results for the twelve months ended April 1, 2016 only reflect operating results through the Separation date of November 27, 2015, not the full twelve-month period as shown for prior periods.*

The financial results reflected above may not represent CSRA's stand-alone operating results, as the results reported within Income from discontinued operations, net of tax only include certain costs that are directly attributable to CSRA and exclude certain CSRA overhead costs that were previously allocated to CSRA for each period. Such overhead costs were excluded in accordance with guidance under ASC Subtopic 205-20 "Presentation of Financial Statements - Discontinued Operations."

The following selected financial information of CSRA is included in CSC's Consolidated Statements of Cash Flows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016[1]**	**April 3, 2015**	**March 28, 2014**
Depreciation	$ 75	$ 114	$ 121
Amortization	15	23	27
Capital expenditures	(75)	(75)	(107)
Significant operating non-cash items:			
Net gain on disposition of business	22	(3)	64
Significant investing non-cash items:			
Capital expenditures through capital lease obligations	—	(10)	(43)
Capital expenditures in accounts payable	(7)	(14)	(6)
Disposition of assets	(8)	1	—

[1] Selected financial information for the twelve-month period ended April 1, 2016 reflect cash flows through the Separation date of November 27, 2015, not the full twelve-month period as shown for prior periods.

During fiscal 2016, 2015, and 2014, the Company divested certain non-core businesses as a part of its service portfolio optimization initiative to focus on next-generation technology services. The historical results of the following divestitures have been presented within Income from discontinued operations, net of tax in the Company's Consolidated Statements of Operations:

Fiscal 2016 Divestiture

On April 27, 2015, the Company completed the sale of its wholly-owned subsidiary, Welkin Associates Limited (Welkin), to a strategic investor. CSC received consideration of $34 million and recorded a pre-tax gain on sale of $22 million, which is included in Income from discontinued operations, net of taxes on the Consolidated Statements of Operations. Included in the divested net assets of $10 million was $7 million of goodwill, and transaction costs of approximately $2 million. The Welkin business was part of the previously reported NPS segment. At the time of disposition, the divestiture did not qualify to be presented as discontinued operations since it did not represent a strategic shift that would have a major effect on CSC's operations or financial results. Subsequent to the disposition of Welkin, CSC completed the Separation from CSRA, which included the operating results of Welkin as discontinued operations.

Fiscal 2015 Divestiture

On July 31, 2014, CSC completed the sale of a German software business to a strategic investor for cash consideration of $3 million. This divestiture, which had been included in the GBS segment's healthcare group, resulted in a pre-tax loss of $22 million. The divested assets and liabilities included: current assets of $54 million (including $21 million of cash), noncurrent assets of $25 million, current liabilities of $33 million and noncurrent liabilities of $23 million.

Fiscal 2014 Divestitures

On July 19, 2013, CSC completed the sale of its base operations, aviation and ranges services business unit, the Applied Technology Division (ATD) within its former NPS Segment, to a strategic investor for cash consideration of $178 million, plus a net working capital adjustment receivable of $6 million, of which $3 million was collected in fiscal 2015 and $3 million was collected in fiscal 2016. The ATD divestiture resulted in a pre-tax gain of $77 million. During the first quarter of fiscal 2015, NPS recorded a $1 million final net working capital adjustment, which reduced the total gain on sale.

On May 21, 2013, CSC completed the divestiture of its flood insurance-related business process outsourcing practice, within the GBS segment, to a financial investor for cash consideration of $43 million plus a net working capital adjustment receivable of $4 million. The divestiture resulted in a pre-tax gain of $25 million. During the fourth quarter of fiscal 2014, the Company received cash of $3 million, representing the final net working capital adjustment, and reduced the gain on disposal by $1 million. During the first quarter of fiscal 2015, CSC received an additional $2 million as a purchase price adjustment, which was recorded as an additional gain on the sale of this divestiture.

Following is the summary of the results of the discontinued operations:

	Twelve Months Ended		
(Amounts in millions)	April 1, 2016	April 3, 2015	March 28, 2014
Operations			
Revenues	$ 2,504	$ 4,066	$ 4,334
Income from discontinued operations, before tax	329	384	578
Income tax expense	138	142	216
Net income from discontinued operations, net of tax	191	242	362
Disposal			
(Loss) gain on disposition	$ —	$ (21)	$ 101
Income tax (benefit) expense	—	(3)	15
(Loss) gain on disposition, net of taxes	—	(18)	86
Income from discontinued operations, net of tax	$ 191	$ 224	$ 448

Note 5 - Earnings (Loss) Per Share

Basic EPS and diluted EPS are calculated as follows:

	Twelve Months Ended		
(Amounts in millions, except per-share data)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Net income (loss) attributable to CSC common shareholders:			
From continuing operations	$ 71	$ (207)	$ 520
From discontinued operations	180	209	427
	$ 251	$ 2	$ 947
Common share information:			
Weighted average common shares outstanding for basic EPS	138.28	142.56	147.65
Dilutive effect of stock options and equity awards	3.05	—	3.11
Shares for diluted EPS	141.33	142.56	150.76
EPS – basic and diluted:			
Basic EPS:			
Continuing operations	$ 0.51	$ (1.45)	$ 3.52
Discontinued operations	1.31	1.46	2.89
Total	$ 1.82	$ 0.01	$ 6.41
Diluted EPS:			
Continuing operations	$ 0.50	$ (1.45)	$ 3.45
Discontinued operations	1.28	1.46	2.83
Total	$ 1.78	$ 0.01	$ 6.28

As discussed in Note 1 - Summary of Significant Accounting Policies, the Company adopted ASU 2016-09 during the fourth quarter of fiscal 2016. The adoption resulted in an adjustment to the weighted average diluted shares outstanding to exclude excess tax benefits from the assumed proceeds in the diluted shares calculation. This change has been applied prospectively as of April 4, 2015, the beginning of the annual period that includes the adoption, and resulted in diluted weighted average shares outstanding of 141.33 million for the twelve months ended April 1, 2016, when compared to 140.94 million as would have been calculated under the previous guidance.

Stock options and RSUs whose exercise price was greater than the average market price of the shares for the full year and, therefore, the effect would have been anti-dilutive were excluded from the diluted earnings (loss) per share computation. The number of shares related to such stock options was 2,064,951 and 1,077,891 for the twelve months ended April 1, 2016 and April 3, 2015, respectively. The number of shares related to such RSUs was 201,581 and 62,243 for the twelve months ended April 1, 2016 and April 3, 2015, respectively. During fiscal 2015, the Company entered into an accelerated share repurchase (ASR) arrangement (see Note 15) and excluded 173,779 shares because their effect would have been anti-dilutive. The Company did not enter into any ASR arrangements during fiscal 2014.

For the twelve months ended March 28, 2014, stock options of 4,573,542 and RSUs of 14,953 were excluded in the computation of diluted EPS because the exercise price was greater than the average market prices of the shares and therefore, the effect would have been anti-dilutive.

Note 6 - Receivables

Receivables, net of allowance for doubtful accounts consist of the following:

(Amounts in millions)	April 1, 2016	April 3, 2015
Billed trade receivables	$ 1,068	$ 1,014
Unbilled recoverable amounts under contracts in progress	595	488
Other receivables	168	180
Total	$ 1,831	$ 1,682

Unbilled recoverable amounts under contracts in progress generally become billable upon completion of a specified contract, negotiation of contract modifications, achievement of project milestones or upon acceptance by the customer.

Sale of Receivables

On April 21, 2015, CSC entered into a Master Accounts Receivable Purchase Agreement with several participants, for the continuous non-recourse sale of up to $450 million of eligible trade receivables related to its former NPS segment (the Facility). The Company used the proceeds from receivable sales under the Facility for general corporate purposes. On November 27, 2015, in connection with the Separation (see Note 4), CSC ceased such receivables sales.

During fiscal 2016, CSC sold $1.7 billion of billed and unbilled receivables, of which $1.5 billion was collected prior to the Separation. CSC incurred purchase discount and administrative fees of $1 million which were recorded, net of servicing income, within income from discontinued operations, net of taxes in the Consolidated Statements of Operations. The net impact to cash flows was $239 million for fiscal 2016.

Note 7 - Fair Value

Fair value measurements on a recurring basis

The following table presents the Company’s assets and liabilities, excluding pension assets (see Note 14), that are measured at fair value on a recurring basis as of April 1, 2016 and April 3, 2015:

	April 1, 2016			
		Fair Value Hierarchy		
(Amounts in millions)	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds and money market deposit accounts	$ 348	$ 348	$ —	$ —
Time deposits	1	1	—	—
Available for sale equity investments	66	66	—	—
Derivative instruments	15	—	15	—
Total assets	$ 430	$ 415	$ 15	$ —
Liabilities:				
Derivative instruments	$ 11	$ —	$ 11	$ —
Total liabilities	$ 11	$ —	$ 11	$ —

	April 3, 2015			
		Fair Value Hierarchy		
(Amounts in millions)	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds and money market deposit accounts	$ 344	$ 344	$ —	$ —
Time deposits	411	411	—	—
Derivative instruments	20	—	20	—
Total assets	$ 775	$ 755	$ 20	$ —
Liabilities:				
Derivative instruments	$ 5	$ —	$ 5	$ —
Total liabilities	$ 5	$ —	$ 5	$ —

The Company's money market funds, money market deposit accounts and time deposits are reported in cash and cash equivalents, and short-term investments, including available-for sale securities, are included in prepaid expenses and other current assets. The balance sheet classifications of the Company's derivative instruments are presented in Note 8. There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

Fair value of the available-for-sale equity investments is based on quoted market prices which is a Level 1 input. Derivative instruments include foreign currency forward and option contracts, interest rate swap contracts and total return swaps (see Note 8). As of April 1, 2016, the Company had no interest rate swap contracts. 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 month-end foreign currency exchange rates and forward points. The fair value of foreign currency options is estimated based on valuation models that use the original strike price, movement and volatility in foreign currency exchange rates, and length of time to expiration as inputs. The fair value of interest rate swaps is estimated based on valuation models that use interest rate yield curves as inputs. Total return swaps are settled on the last day of every fiscal month. The inputs used to estimate the fair value of the Company's derivatives are classified as Level 2.

Fair value measurements on a non-recurring basis

Assets and liabilities measured at fair value on a non-recurring basis include goodwill, tangible assets, intangible assets and other contract related long-lived assets. Such assets are reviewed quarterly for impairment indicators. If a triggering event has occurred, the assets are remeasured when the estimated fair value of the corresponding asset or asset group is less than the carrying value. The fair value measurements, in such instances, are based on significant unobservable inputs (Level 3). There were no significant impairments recorded during the fiscal years ended April 1, 2016 and April 3, 2015.

Financial Instruments not measured at fair value

The carrying amounts of the Company’s financial instruments with short-term maturities are deemed to approximate their market values. The carrying amount of the Company’s long-term debt, excluding capital leases, was $1.8 billion and $1.6 billion and the estimated fair value was $1.8 billion and $1.7 billion as of April 1, 2016, and April 3, 2015, respectively. The fair value of long-term debt is estimated based on the current interest rates offered to the Company for instruments with similar terms and remaining maturities and are classified as Level 2.

The Company is subject to counterparty risk in connection with its derivative instruments (see Note 8). With respect to its foreign currency derivatives, as of April 1, 2016, there were five counterparties with concentration of credit risk. Based on gross fair value of these foreign currency derivative instruments, the maximum amount of loss that the Company could incur is less than $14 million.

The primary financial instruments other than derivatives (see Note 8) that could subject the Company to concentrations of credit risk are accounts receivable. The Company's customer base includes Fortune 500 companies and other significant, well-known companies operating in North America, Europe and the Pacific Rim. Credit risk with respect to accounts receivable is minimized because of the nature and diversification of the Company's customer base. Furthermore, the Company continuously reviews its accounts receivable and records provisions for doubtful accounts as needed.

The Company's credit risk is also affected by customers in bankruptcy proceedings; however, because most of these proceedings involve business reorganizations rather than liquidations and the nature of the Company's services are often considered essential to the operational continuity of these customers, the Company is generally able to avoid or mitigate significant adverse financial impact in these cases. As of April 1, 2016, the Company had $16 million of accounts receivable, $11 million of related allowance for doubtful accounts, $1 million of other assets, and $4 million of accounts payable with customers involved in bankruptcy proceedings.

Note 8 - Derivative Instruments

The following table presents the fair values of derivative instruments included on the Consolidated Balance Sheets as of April 1, 2016 and April 3, 2015:

	Derivative Assets			**Derivative Liabilities**		
(Amounts in millions)	**Balance Sheet line item**	**As of April 1, 2016**	**As of April 3, 2015**	**Balance Sheet line item**	**As of April 1, 2016**	**As of April 3, 2015**
Derivatives designated for hedge accounting:						
Interest rate	Other assets	$ —	$ 18	Other long-term liabilities	$ —	$ —
Foreign Currency forward contracts	Prepaid expenses and other current assets	3	1	Accrued expenses and other current liabilities	4	3
Total fair value of derivatives designated for hedge accounting		$ 3	$ 19		$ 4	$ 3
Derivatives not designated for hedge accounting:						
Foreign Currency forward contracts	Prepaid expenses and other current assets	$ 12	$ 1	Accrued expenses and other current liabilities	$ 7	$ 2
Total fair value of derivatives not designated for hedge accounting		$ 12	$ 1		$ 7	$ 2

Derivative instruments designated as hedges

Fair value hedges

Pursuant to its interest rate and risk management strategy, during the second quarter of fiscal 2014, the Company entered into multiple interest rate swap transactions to hedge the fair value of $275 million of the Company's 4.45% term notes, due 2022, which effectively converted the debt into floating interest rate debt. For accounting purposes, these interest rate swap transactions were designated as fair value hedges and qualified for the short-cut method of hedge accounting, as defined under ASC 815, "Derivatives and Hedging." Accordingly, changes in the fair values of the interest rate swaps are reported in earnings and fully offset changes in the fair value of the hedged debt (see Note 13); therefore, no net gain or loss is recognized in the Consolidated Statements of Operations.

During fiscal 2016, the Company terminated the interest rate swaps mentioned above, which had aggregate notional values of $275 million and fair values of $23 million and derecognized the related derivative asset. The total hedge gain of $23 million for the termination of interest rate swaps during fiscal 2016 will be amortized into interest income over the remaining life of the debt, which is through September 2022. As of April 1, 2016, the Company had no fair value hedges.

The following table presents the pre-tax gains (losses) related to the fair value hedges and the related hedged items, for the twelve months ended April 1, 2016 and April 3, 2015, respectively:

	Derivative Instrument			Hedged Item		
(Amounts in millions)	Statements of Operations line item	Gain for the Twelve Months Ended		Balance Sheet line item	(Loss) for the Twelve Months Ended	
		April 1, 2016	April 3, 2015		April 1, 2016	April 3, 2015
Interest rate swaps	Other Income	$ 5	$ 15	Long-term debt, net of current maturities	$ (5)	$ (15)

Cash flow hedges

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce risks related to certain Indian Rupee denominated intercompany obligations and forecasted transactions. The notional amount of foreign currency forward contracts designated as cash flow hedges as of April 1, 2016 and April 3, 2015 was $496 million and $383 million, respectively, and the related forecasted transactions extend through March 2018. The Company did not enter into any transactions designated as cash flow hedges in fiscal 2014.

For the fiscal years ended April 1, 2016 and April 3, 2015, 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; therefore, there is no ineffectiveness to be recorded and all changes in the hedging instruments' fair value are recorded in AOCI and subsequently reclassified into earnings in the period during which the hedged transactions are recognized in earnings. The Company performs an assessment of critical terms on an on-going basis throughout the hedging period.

During the fiscal years ended April 1, 2016 and April 3, 2015, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur. As of April 1, 2016, $1 million of the existing amount of losses related to the cash flow hedge reported in AOCI is expected to be reclassified into earnings within the next 12 months.

The table below presents the pre-tax gains (losses) associated with the cash flow hedges, recognized in AOCI:

(Amounts in millions)	Gain (Loss) recognized in AOCI (effective portion) for the Twelve Months Ended	Gain (Loss) reclassified into cost of services from AOCI (effective portion) for the Twelve Months Ended	Gain (Loss) recognized in Other Income (Expense) (ineffective portion) for the Twelve Months Ended
		April 1, 2016	
Foreign currency forward and option contracts	$ 1	$ —	$ —
		April 3, 2015	
Foreign currency forward and option contracts	$ (2)	$ —	$ —

Derivatives not designated for hedge accounting

Total return swaps

Beginning in the first quarter of fiscal 2015, the Company entered into total return swaps derivative contracts (TRS) to manage exposure to market volatility of the notional investments underlying the Company's deferred compensation obligations. For accounting purposes, these TRS are not designated as hedges, as defined under ASC 815, “Derivatives and Hedging,” and all changes in their fair value and changes in the associated deferred compensation liabilities are recorded in Costs of services and Selling, general and administrative expenses in the Company's Consolidated Statements of Operations. The TRS are entered into monthly and are settled on the last day of each fiscal month. The Company did not enter into TRS in fiscal 2014.

Foreign currency derivatives

The Company manages the exposure to fluctuations in foreign currencies by using short-term foreign currency forward and option contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. For accounting purposes, these foreign currency option and forward contracts are not designated as hedges, as defined under ASC 815, “Derivatives and Hedging,” and all changes in their fair value are reported in current period earnings within other income (expense), net of the Company's Consolidated Statements of Operations.

The notional amount of the foreign currency forward contracts outstanding as of April 1, 2016 and April 3, 2015 was $2.2 billion and $700 million, respectively.

The following table presents the pretax amounts impacting income related to derivatives not designated for hedge accounting for the years ended April 1, 2016, April 3, 2015, and March 28, 2014 respectively:

		Twelve Months Ended		
(Amounts in millions)	**Statement of Operations line item**	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Total return swaps	Cost of services and Selling, general & administrative	$ —	$ 8	$ —
Foreign currency forwards and options	Other income (expense), net	(19)	(9)	(15)
Total		$ (19)	$ (1)	$ (15)

Other risks

As discussed further in Note 7, the Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. The Company also enters into enforceable master netting arrangements with some of its counterparties. However, for financial reporting purposes, it is Company policy not to offset derivative assets and liabilities despite the existence of enforceable master netting arrangements with some of its counterparties. The following table provides information about the potential effect of such netting arrangements on the Company's derivative instruments:

	Fair Value as of			
	April 1, 2016		April 3, 2015	
(Amounts in millions)	Assets	Liabilities	Assets	Liabilities
Gross amount of derivative instruments recognized in consolidated balance sheets	$ 15	$ 11	$ 20	$ 5
Gross amounts not offset in the consolidated balance sheets [1]	3	1	—	—
Net amount	$ 12	$ 10	$ 20	$ 5

[1] *These amounts represent the fair value of derivative instruments subject to enforceable master netting arrangements that the Company has elected to not offset. The Company's derivative contracts do not require it to hold or post financial collateral.*

Note 9 - Property and Equipment

Property and equipment consisted of the following:

(Amounts in millions)	April 1, 2016	April 3, 2015
Property and equipment — gross:		
Land, buildings and leasehold improvements	$ 921	$ 912
Computers and related equipment	2,794	2,750
Furniture and other equipment	197	185
Construction in progress	7	3
	3,919	3,850
Less: accumulated depreciation and amortization	2,894	2,740
Property and equipment, net	$ 1,025	$ 1,110

Depreciation expense for fiscal years 2016, 2015, and 2014 was $383 million, $493 million, and $540 million, respectively.

Note 10 - Intangible Assets

A summary of amortizable intangible assets was as follows:

	As of April 1, 2016		
(Amounts in millions)	**Gross Carrying Value**	**Accumulated Amortization**	**Net Carrying Value**
Outsourcing contract costs	$ 828	$ 494	$ 334
Software	2,243	1,531	712
Customer and other intangible assets	485	203	282
Total intangible assets	$ 3,556	$ 2,228	$ 1,328

	As of April 3, 2015		
(Amounts in millions)	**Gross Carrying Value**	**Accumulated Amortization**	**Net Carrying Value**
Outsourcing contract costs	$ 802	$ 476	$ 326
Software	2,286	1,568	718
Customer and other intangible assets	292	177	115
Total intangible assets	$ 3,380	$ 2,221	$ 1,159

Amortization expense for the years ended April 1, 2016, April 3, 2015, and March 28, 2014 was $286 million, $374 million, and $364 million, respectively, including amortization of outsourcing contract cost premiums recorded as reductions of revenue of $11 million, $27 million, and $34 million, respectively.

Estimated amortization related to intangible assets, including amortization of contract cost premiums, as of April 1, 2016, for fiscal 2017 through fiscal 2021, is as follows: $283 million, $236 million, $210 million, $185 million, and $139 million, respectively.

During fiscal 2016, CSC sold certain intangible assets to a third party for total cash consideration of $31 million. As a result, CSC recorded a gain on sale of $31 million as a reduction of cost of services in its GIS segment.

During fiscal 2015, CSC sold certain intangible assets to a third party for total consideration of $53 million of which cash consideration was received of $31 million. As a result, CSC recorded a gain on sale of $53 million as a reduction of cost of services in its GIS segment. As of April 1, 2016, CSC had $7 million of outstanding receivables related to these sales, which will be paid in quarterly installments.

Purchased and internally developed software, net of accumulated amortization, consisted of the following:

(Amounts in millions)	**April 1, 2016**	**April 3, 2015**
Purchased software	$ 206	$ 225
Internally developed commercial software	352	363
Internally developed internal-use software	154	130
Total	$ 712	$ 718

Amortization expense related to purchased software was $99 million, $129 million, and $115 million, for the years ended April 1, 2016, April 3, 2015, and March 28, 2014, respectively. Amortization expense related to internally developed commercial software was $56 million, $61 million, and $54 million, for the years ended April 1, 2016, April 3, 2015, and March 28, 2014, respectively. Amortization expense related to internally developed internal-use software was $9 million, $6 million, and $2 million, for the years ended April 1, 2016, April 3, 2015, and March 28, 2014, respectively.

Note 11 - Goodwill

The following tables summarize the changes in the carrying amount of goodwill, by segment, for the years ended April 1, 2016 and April 3, 2015, respectively.

(Amounts in millions)	GBS	GIS	Total
Goodwill, gross	$ 1,340	$ 2,260	$ 3,600
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 3, 2015, net	639	199	838
Additions	285	161	446
Foreign currency translation	(10)	3	(7)
Goodwill, gross	1,615	2,424	4,039
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 1, 2016, net	$ 914	$ 363	$ 1,277

(Amounts in millions)	GBS	GIS	Total
Goodwill, gross	$ 1,381	$ 2,260	$ 3,641
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of March 28, 2014, net	680	199	879
Foreign currency translation	(41)	—	(41)
Goodwill, gross	1,340	2,260	3,600
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 3, 2015, net	$ 639	$ 199	$ 838

Due to the Separation of CSRA on November 27, 2015, as more fully described in Note 4, NPS is no longer included as a reportable segment. The fiscal 2016 additions to goodwill of $446 million were due to the GBS and GIS acquisitions described in Note 3. The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

As described in Note 1, 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 an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Following is a description of the goodwill impairment analyses for each of the fiscal years.

Fiscal 2016

For the Company’s annual goodwill impairment assessment as of July 4, 2015, the Company chose to bypass the initial qualitative assessment and proceeded directly to the first step of the impairment test for all reporting units. Based on the results of the first step of the impairment test, the Company concluded that the fair value of each reporting unit significantly exceeded its carrying value and therefore the second step of the goodwill impairment test was not required.

At the end of fiscal 2016, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below its carrying amount and require goodwill to be tested for impairment. The Company determined that there have been no such indicators and therefore, it was unnecessary to perform an interim goodwill impairment test as of April 1, 2016.

Fiscal 2015

As of the beginning of fiscal 2015, the Company reallocated goodwill among certain of its GBS reporting units due to 1) changes in the structure of segment management reporting; and 2) the availability of discrete financial information. Goodwill was reallocated using a relative fair value allocation approach. CSC performed a quantitative and qualitative goodwill impairment assessment for the reporting units and determined that there was no indication that goodwill was impaired for those reporting units as of the reallocation date.

For the Company's annual goodwill impairment assessment as of July 5, 2014, the Company assessed qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude that it was more likely than not that the fair value of any of its reporting units was below their carrying amounts. The Company determined that, based on its qualitative assessment of such factors for all reporting units, no reporting units met the more-likely-than-not threshold. Accordingly, the Company did not perform further analysis.

Note 12 - Income Taxes

The sources of income (loss) from continuing operations, before income taxes, classified between domestic entities and those entities domiciled outside of the U.S., are as follows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Domestic entities	$ (222)	$ (761)	$ 1
Entities outside the U.S.	232	90	693
Total	$ 10	$ (671)	$ 694

The income tax (benefit) expense on income (loss) from continuing operations is comprised of:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Current:			
Federal	$ (79)	$ (123)	$ (68)
State	(22)	(43)	(16)
Foreign	59	94	130
	(42)	(72)	46
Deferred:			
Federal	(39)	(76)	89
State	48	(14)	17
Foreign	(29)	(302)	22
	(20)	(392)	128
Total income tax (benefit) expense	$ (62)	$ (464)	$ 174

The (benefit) expense for fiscal 2016, 2015, and 2014, includes interest and penalties of $(4) million, $1 million, and $(6) million, respectively, for uncertain tax positions.

The major elements contributing to the difference between the U.S. federal statutory tax rate of 35% and the effective tax rate (ETR) for continuing operations are as follows:

	Twelve Months Ended		
	April 1, 2016	April 3, 2015	March 28, 2014
Statutory rate	35.0 %	(35.0)%	35.0%
State income tax, net of federal tax	(145.7)	(4.1)	(0.1)
Change in uncertain tax positions	(685.0)	(0.7)	6.0
Foreign tax rate differential	(377.4)	(52.4)	5.1
Income tax credits	(58.0)	(0.8)	(0.4)
Valuation allowance	743.6	13.4	(21.5)
Loss on sale of securities	—	—	1.5
SEC settlements	—	10.9	—
U.S. GAAP accounting change impact	(230.0)	—	—
Other items, net	97.5	(0.5)	(0.5)
Effective tax rate	(620.0)%	(69.2)%	25.1%

In fiscal year 2016, the ETR was primarily impacted by:

- The early adoption of Accounting Standards Update 2016-09 “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” (ASU 2016-09) resulted in a tax benefit from the excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- Local losses on investments in Luxembourg (i) increased the valuation allowance and the ETR by $47 million and 470%, respectively, and (ii) decreased the foreign rate differential and ETR by $47 million and by 470%, respectively.
- An increase in the overall valuation allowance primarily due to the divestiture of the Company's former NPS business division, which resulted in an increase in the valuation allowances related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the overall income tax benefit by $58 million and the ETR by 580%.
- The Company recognized adjustments to uncertain tax positions in the U.S. that increased the overall income tax benefit by $24 million and the ETR by 240%, respectively.

In fiscal year 2015, the ETR was primarily impacted by:

- The impact of the non-deductible SEC settlement of $190 million, which decreased the income tax benefit and the ETR by $73 million and 10.9%, respectively.
- Local losses on investments in Luxembourg increased the foreign rate differential and increased the ETR by $325 million and 48.4%, respectively, with an offsetting decrease in the ETR due to an increase in the valuation allowance of the same amount.
- Changes in valuation allowances in certain jurisdictions, including a valuation allowance release in the U.K. The total impact of the valuation allowance release increased the income tax benefit and the ETR by $235 million and 35.0%, respectively. There was a net decrease in valuation allowances in fiscal year 2015.

In fiscal year 2014, the ETR was primarily impacted by:

- The Company recorded a tax expense of $10 million related to the previous restructuring of an operating subsidiary. This expense increased the ETR by 1.5%.
- A net increase in uncertain tax positions across various jurisdictions of $41 million which increased the ETR by 6.0%. The primary drivers of this increase in tax expense were related to various tax issues including transfer pricing and foreign exchange losses.
- A decrease in the valuation allowance determined on a tax jurisdictional basis due to a shift in the global mix of income which decreased tax expense and the ETR by $58 million and 8.4%, respectively.
- Local income on investment recoveries in Luxembourg (i) decreased the valuation allowance and the ETR by $91 million and 13.1%, respectively, and (ii) increased the foreign rate differential and ETR by $91 million and 13.1%, respectively.

The deferred tax assets (liabilities) are as follows:

(Amounts in millions)	**April 1, 2016**	**April 3, 2015**
Deferred Tax Assets		
Employee benefits	$ 153	$ 183
Tax loss/credit carryforwards	1,158	1,082
Accrued interest	20	24
State taxes	7	7
Cumulative foreign exchange gain/loss	2	5
Contract accounting	110	83
Other assets	47	60
Total Deferred Tax Assets	1,497	1,444
Valuation allowance	(1,036)	(958)
Net Deferred Tax Assets	461	486
Deferred Tax Liabilities		
Depreciation and amortization	(183)	(168)
Investment basis differences	(91)	(94)
Other liabilities	(23)	(44)
Total Deferred Tax Liabilities	(297)	(306)
Total Net Deferred Tax Assets	$ 164	$ 180

Income tax related assets are included in the accompanying Consolidated Balance Sheets are as follows:

(Amounts in millions)	**April 1, 2016**	**April 3, 2015**
Current:		
Income Tax Receivables	$ 60	$ 112
	$ 60	$ 112
Non-current:		
Income Taxes Receivable and Prepaid Taxes	$ 81	$ 109
Deferred Tax Assets	345	396
	$ 426	$ 505
Total	$ 486	$ 617

Income tax related liabilities are included in the accompanying balance sheet as follows:

(Amounts in millions)	April 1, 2016	April 3, 2015
Current:		
Current Tax Liability for Uncertain Tax Positions	$ (18)	$ —
Income Taxes Payable	(22)	(25)
	(40)	(25)
Non-current:		
Deferred Tax Liabilities	(181)	(216)
Non-current Tax Liability for Uncertain Tax Positions	(175)	(237)
	(356)	(453)
Total	$ (396)	$ (478)

In assessing whether its deferred tax assets are realizable, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. In determining whether the deferred tax assets are realizable, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. The valuation allowance increased by $78 million in fiscal year 2016. This net increase is primarily due to the following:

- An increase in the valuation allowance is due to the divestiture of the Company's former NPS business division, which resulted in an increase to valuation allowances related to state net operating losses and state tax credits of $27 million. As a result of the Separation, the Company concluded that it was more likely than not that a portion of its state deferred tax assets would not be realized. A significant piece of objective evidence that was evaluated included cumulative losses incurred in certain U.S. state jurisdictions. Such objective evidence limits the ability to consider other subjective evidence.
- An increase in valuation allowance of approximately $47 million in Luxembourg due to significant losses on investments. These losses can only be utilized against changes in the fair market value of investments which cannot be forecasted.

Significant management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded against deferred tax assets. A valuation allowance has been recorded against deferred tax assets of approximately $1.0 billion as of April 1, 2016 due to uncertainties related to the ability to utilize these assets. Valuation allowances are evaluated periodically and will be subject to change in each future reporting period as a result of changes in various factors. In determining whether the deferred tax assets are realizable, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies, and recent results of operations.

The Company has available foreign net operating loss (NOL) carryforwards of $4.0 billion and $4.0 billion, federal NOL carryforwards of $42 million and $48 million, and state NOL carryforwards of $556 million and $639 million as of April 1, 2016 and April 3, 2015, respectively. The Company has foreign capital loss carryforwards of $73 million and $39 million as of April 1, 2016 and April 3, 2015, respectively. The Company has state credit carryforwards of $42 million and $53 million and state capital loss carryforwards of $258 million and $364 million as of April 1, 2016 and April 3, 2015, respectively. The Company also has federal foreign tax credit carryforwards of $7 million and $11 million as of April 1, 2016 and April 3, 2015. The foreign NOL carryforwards as of April 1, 2016 can be carried over indefinitely, except for $59 million which expire at various dates through 2028. The foreign capital loss carryforwards as of April 1, 2016 can be carried over indefinitely. The federal NOL carryforwards as of April 1, 2016 expire at various dates through 2035. The state NOL and credit carryforwards as of April 1, 2016 expire at various dates through 2035. The federal foreign tax credit carryforwards as of April 1, 2016 expire at various dates through 2024. The state capital loss carryforwards as of April 1, 2016 expire in 2018.

The Company is currently the beneficiary of tax holiday incentives in India, which expire in various fiscal years through 2026. As a result of the India tax holiday incentives, the Company recorded an income tax benefit of approximately $2 million, $3 million, and $3 million, during fiscal 2016, 2015, and 2014, respectively. The per share effects were $0.02, $0.02, and $0.02, for fiscal 2016, 2015, and 2014, respectively.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-US subsidiaries in non-US operations. As of April 1, 2016, the Company has not made a provision for US income tax where the foreign investment of such earnings is essentially permanent in duration. Generally, such amounts would become subject to US taxation upon the remittance of dividends to the US and under certain other circumstances. As of April 1, 2016, the Company has made a provision of $0.3 million for foreign income tax where the accumulated earnings of certain foreign subsidiaries will be reinvested in other foreign operations. The cumulative undistributed positive taxable earnings of the Company's foreign subsidiaries were approximately $3.0 billion as of April 1, 2016. It is not practicable to estimate the tax cost of repatriating the cumulative undistributed taxable earnings of these foreign subsidiaries to the U.S.

In May 2013, the India Finance Act 2013 introduced a share buyback tax. Additional legislation was passed effective in May 2015 that increased the share buyback tax rate to 23.1% and increased the dividend distribution tax rate to 20.4%, among other changes. The Company uses the lower undistributed tax rate to measure deferred taxes on inside basis differences, including undistributed earnings, of our India operations as these earnings are permanently reinvested. If the Company changes its intent and distributes such earnings either in the form of a dividend or a share buyback, dividend distribution tax or share buyback tax will be incurred.

CSC elected to early adopt ASU 2016-09 in the fourth quarter of fiscal 2016 which requires the recognition of excess tax benefits and tax deficiencies within income tax (benefit) expense in the Consolidated Statements of Operations (see Note 1). The Company elected to apply this change in presentation prospectively from the beginning of fiscal year 2016, thus prior periods have not been adjusted. This election resulted in the recognition of $23 million, or $0.16 per share, of excess tax benefits recorded within income tax benefit for the year ended April 1, 2016. This change could create volatility in the Company's effective tax rate in future periods. During fiscal 2015 and 2014, excess tax benefits were recorded in equity instead of to the statement of operations.

The Company elected to implement the cash flow presentation rules related to the settlement of stock-based awards and cash paid by directly withholding shares for tax withholding purposes retrospectively and restated prior periods within the Consolidated Statements of Cash Flows. This resulted in the reclassification of $23 million, $18 million, and $8 million of excess tax benefits related to the settlement of stock-based awards from financing to operating activities, and $48 million, $22 million, and $9 million of taxes paid related to net share settlements of stock-based compensation awards from operating activities to financing activities for the twelve months ended April 1, 2016, April 3, 2015 and March 28, 2014, respectively.

The Company accounts for income tax uncertainties in accordance with ASC 740-10, which prescribes a recognition threshold and measurement criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of liabilities for uncertain tax positions, interest and penalties.

As of April 1, 2016, in accordance with ASC 740, "Income Taxes," the Company’s liability for uncertain tax positions was $193 million, including interest of $33 million, penalties of $11 million, and net of tax attributes of $31 million. As of April 3, 2015, the Company’s liability for uncertain tax positions was $237 million, including interest of $39 million, penalties of $9 million, and net of tax attributes of $115 million. As of March 28, 2014, the Company's liability for uncertain tax positions was $252 million, including interest of $30 million, penalties of $19 million, and net of tax attributes of $95 million.

The following table summarizes the activity related to the Company's uncertain tax positions (excluding interest and penalties and related tax attributes):

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Balance at Beginning of Fiscal Year	$ 304	$ 298	$ 293
Gross increases related to prior year tax positions	21	45	31
Gross decreases related to prior year tax positions	(101)	(13)	(27)
Gross increases related to current year tax positions	7	12	10
Settlements and statute of limitation expirations	(48)	(27)	(1)
Current Year Acquisitions	3	—	—
Foreign exchange and others	(6)	(11)	(8)
Balance at End of Fiscal Year	$ 180	$ 304	$ 298

The Company's liability for uncertain tax positions at April 1, 2016, April 3, 2015, and March 28, 2014, includes $122 million, $148 million, and $160 million, respectively, related to amounts that, if recognized, would affect the effective tax rate (excluding related interest and penalties).

The Company recognizes interest accrued related to uncertain tax positions and penalties as a component of income tax expense. During the year ended April 1, 2016, the Company had a net decrease in interest of $6 million (decrease of $4 million net of tax) and an increase in accrued penalties of $2 million, and as of April 1, 2016, has recognized a liability for interest of $33 million ($29 million net of tax) and penalties of $11 million. During the year ended April 3, 2015, the Company had a net increase in interest of $9 million ($10 million net of tax) and a net decrease in accrued penalties of $10 million, and as of April 3, 2015, recognized a liability for interest of $39 million ($33 million net of tax) and penalties of $9 million. During the year ended March 28, 2014, the Company net decrease interest expense of $8 million ($4 million net of tax) and accrued penalties of $2 million, and as of March 28, 2014, recognized a liability for interest of $30 million ($24 million net of tax) and penalties of $19 million.

Tax Examination Status:

The Company is currently under examination in several tax jurisdictions. A summary of the tax years that remain subject to examination in certain of the Company's major tax jurisdictions are:

Jurisdiction:	**Tax Years that Remain Subject to Examination (Fiscal Year Ending):**
United States – Federal	2008 and forward
United States – Various States	2008 and forward
Australia	2012 and forward
Canada	2008 and forward
Denmark	2010 and forward
France	2013 and forward
Germany	2010 and forward
India	1998 and forward
United Kingdom	2013 and forward

It is reasonably possible that during the next twelve months the Company's liability for uncertain tax positions may change by a significant amount. The IRS is examining the Company's federal income tax returns for fiscal 2008 through 2013. The Company entered into negotiations for a resolution of the fiscal 2008 through 2010 audit through settlement with the IRS Office of Appeals. The IRS examined several issues for this audit that resulted in various audit adjustments. The Company has agreed to extend the statute of limitations associated with the audit through November 30, 2016. During the fourth quarter of fiscal 2016, the Company and the IRS reached an agreement in principle as to the settlement terms and the Company remeasured its uncertain tax positions. 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 as uncertain tax positions. 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 with the tax authorities for amounts lower than those that have been accrued or extinguish a position though payment. The Company believes the outcomes which are reasonably possible within the next twelve months may result in a reduction in liability for uncertain tax positions of $18 million to $49 million, excluding interest and penalties.

Note 13 - Debt

The following is a summary of the Company's debt as of April 1, 2016 and April 3, 2015:

(Amounts in millions)	April 1, 2016	April 3, 2015
Short-term debt and current maturities of long-term debt		
Euro-denominated commercial paper	$ 559	$ —
Current maturities of long-term debt	79	766
Current maturities of capitalized lease liabilities	72	117
Short-term debt and current maturities of long term debt	$ 710	$ 883
Long-term debt, net of current maturities		
4.45% term notes, due September 2022	$ 454	$ 451
6.50% term notes, due March 2018	—	917
2.50% term notes, due September 2015	—	350
Loan payable, due March 2021	575	—
Loan payable, due January 2019	284	—
Loan payable, due March 2018	—	68
Loan payable, due May 2016	71	371
Payable - credit facility, various[1]	395	—
Lease credit facility, various[2]	49	—
Mandatorily redeemable preferred stock outstanding, due March 2023	61	61
Capitalized lease liabilities	141	202
Borrowings for assets acquired under long-term financing	51	95
Other borrowings	4	3
Long-term debt	2,085	2,518
Less: current maturities of long-term debt	151	883
Long-term debt, net of current maturities	$ 1,934	$ 1,635

[1] *Borrowings under the $2.5 billion credit facility are classified as short-term debt if the Company intends to repay within twelve months and as long-term debt otherwise.*

[2] *Drawings under the lease credit facility convert into individual term notes of variable terms up to sixty months therefrom, depending on the nature of the underlying equipment being financed. Borrowings under the lease credit facility are classified as short-term debt if the Company intends to repay within twelve months and as long-term debt otherwise.*

The increase in the balance of the 4.45% term notes primarily reflects the year-to-date change in fair value of the interest rate swaps (see Note 8).

During fiscal 2016, the Company redeemed all outstanding 6.50% term notes due March 2018 at par plus redemption premiums related to a make-whole provision and accrued interest (the Redemption). The Redemption payments included $918 million in outstanding principle, accrued interest through the redemption dates of $26 million, and redemption premiums of $94 million. The Company recorded a $97 million net loss on extinguishment of debt associated with the Redemption, consisting of the redemption premiums noted above, a $1 million loss related to a cash flow hedge associated with the extinguished debt, and a write-off of unamortized debt discount and debt issuance costs of $2 million. The Redemption was funded from cash on hand and $675 million drawn from the Company's $2.5 billion credit facility (Credit Facility).

Additionally, during fiscal 2016, the Company repaid its $68 million loan payable which was due March 2018, and repaid the $350 million 2.50% term note which matured in September 2015.

During the fourth quarter of fiscal 2016, the Company entered into a $525 million (with an option that the commitments be increased to $775 million if the existing or other lenders are willing to provide such an increase) unsecured term loan agreement with a financial institution (Term Loan), under which commitments were increased to $575 million subsequent to the initial borrowing. The Term Loan, due March 2021, is payable on a quarterly basis at a rate of 5.00% of the original principal amount per year. At CSC's option, the Term Loan bears interest at a variable rate equal to the adjusted London interbank offered rate (Adjusted LIBOR) for a one, two, three, or six month interest period, plus a margin between 0.75% and 1.50% based on a pricing grid consistent with the Company's outstanding Credit Facility or the greater of the Prime Rate, the Federal Funds Rate plus 0.50%, or the Adjusted LIBOR for a one-month interest period plus 1.00%, in each case plus a margin of up to 0.50%, based on a pricing grid consistent with the Credit Facility. As of April 1, 2016, $575 million in borrowings with an approximate interest rate of 1.68% were outstanding under the Term Loan. The Term Loan is guaranteed by the Company, and financial covenants associated with the Term loan are the same as those associated with the Company's Credit Facility.

During the third quarter of fiscal 2016, the Company's subsidiary, CSC Computer Sciences UK Holdings Ltd., entered into a £200 million delayed-draw unsecured loan payable with a financial institution (with an option that the commitments be increased to £300 million if the existing or other lenders are willing to provide such an increase). On December 31, 2015, the full amount of the initial commitment, £200 million or $284 million (at the April 1, 2016 exchange rates) was borrowed. The loan is due January 2019 and bears interest at the three-month LIBOR rate plus 0.65%, or 1.28% as of April 1, 2016. The funding from this advance was used to pay down £200 million of the aggregate principal balance of an existing £250 million loan payable. The maturity date of the remaining £50 million or $71 million (at the April 1, 2016 exchange rates) principal balance was extended to May 2016. The loan is guaranteed by the Company, and financial covenants associated with the notes are the same as those associated with the Company's Credit Facility. Subsequent to April 1, 2016 the £50 million loan payable due May 2016 was replaced with borrowings under the Credit Facility which the Company does not intend to repay within twelve months. The Company has excluded the £50 million or $71 million (at the April 1, 2016 exchange rates) loan payable due May 2016 from current liabilities accordingly.

During fiscal 2016, CSC drew down $2.2 billion of its $2.5 billion Credit Facility and repaid $1.8 billion of that amount. As of April 1, 2016 there was $395 million of borrowings outstanding under the $2.5 billion Credit Facility with a weighted average interest rate of approximately 2.67%. There were no borrowings outstanding as of April 3, 2015.

During the second quarter of fiscal 2016, CSC and two of its subsidiaries, CSC Capital Funding Limited (the Issuer) and CSC Computer Sciences S.a.r.l., established a European commercial paper program (the ECP Program) under which the Issuer may issue short-term commercial paper notes (the Notes) up to a maximum aggregate amount outstanding at any time of €500 million or its equivalent in alternative currencies. The maturities of the Notes may vary but may not exceed 364 days from the date of issue. The Notes are unconditionally guaranteed by CSC and rank at least equal with all of the Company's other unsecured and unsubordinated indebtedness. The Company's $2.5 billion committed revolving credit facility is available, subject to certain conditions, to repay the Notes, if necessary. The Notes may be issued at a discount or bear fixed or floating interest rates or a coupon calculated by reference to an index or formula. During fiscal 2016, the Company borrowed $821 million and repaid $263 million under the ECP Program. As of April 1, 2016, there was €500 million or $559 million (at the April 1, 2016 exchange rates) of commercial paper outstanding with a weighted average interest rate of approximately 0.15%.

During fiscal 2015, CSC Asset Funding I LLC, a special purpose subsidiary of CSC Finance Co. LLC (CSC Finco) which is a wholly owned subsidiary of the Company, entered into a master loan and security agreement with a financial institution which provided for a $250 million committed Lease Credit Facility to finance CSC Finco's capital expenditures for IT equipment and associated software in support of IT services provided to the Company's customers. Borrowings under the Lease Credit Facility accrue interest at the one-month LIBOR rate plus 1.00% per annum, or 1.44% as of April 1, 2016. During the third quarter of fiscal 2016 the drawdown availability period was extended from eighteen months to twenty-two months. As of April 1, 2016, there were $49 million of borrowings against the Lease Credit Facility. Subsequent to April 1, 2016, the Company entered into an amended and restated master loan and security agreement which decreased the maximum commitment under the Lease Credit Facility to $150 million and extended the drawdown period to November 2016.

Capitalized lease liabilities represent obligations due under capital leases for the use of computers and other equipment. The gross amount of assets recorded under capital leases was $699 million with accumulated amortization of $563 million, as of April 1, 2016, and $633 million with accumulated amortization of $455 million, as of April 3, 2015.

Certain asset purchases under outsourcing contracts were financed by borrowings from customers. These borrowings carry an interest rate of 0.5% to 9.5% and will mature over the next three years. Gross amounts of assets purchased under long-term financings included $50 million and $58 million in property and equipment, $94 million and $97 million in software and $44 million and $44 million in outsourcing contract costs as of April 1, 2016 and April 3, 2015, respectively.

The Company had $4 million and $3 million of other borrowings outstanding as of April 1, 2016 and April 3, 2015, respectively, consisting of other interest bearing debt and notes payable.

The Company was in compliance with all financial covenants associated with its borrowings as of April 1, 2016 and April 3, 2015.

Expected maturities of long-term debt, including borrowings for asset financing but excluding future minimum capital lease payments, for fiscal years subsequent to April 1, 2016, are as follows:

Fiscal Year	Amount (in millions)
2017	$ 79
2018	51
2019	326
2020	36
2021	935
Thereafter	517
Total	$ 1,944

The future minimum lease payments required to be made under the capital leases as of April 1, 2016, are as follows:

Fiscal Year	Amount (in millions)
2017	$ 78
2018	35
2019	19
2020	13
2021	5
Thereafter	—
Total minimum lease payments	150
Less: Amount representing interest and executory costs	(9)
Present value of net minimum lease payments	141
Less: Current maturities of capital lease obligations	(72)
Long-term capitalized lease liabilities	$ 69

Note 14 - Pension and Other Benefit Plans

The Company sponsors a number of defined benefit plans and defined contribution plans for the benefit of eligible employees. The defined benefit plans comprise primarily pension plans and postretirement medical benefit plans. The defined contribution plans include the Company's deferred compensation plan for executives and non-employee directors.

After the Separation, the majority of U.S. pension and other benefit plans were transferred to CSRA and amended, resulting in a remeasurement. The Company recorded reductions in noncurrent assets of $3 million, current liabilities of $9 million, noncurrent liabilities of $473 million and accumulated other comprehensive income of $51 million. The remeasurement resulted in an actuarial gain of $20 million associated with the pension plans and $1 million associated with the other postretirement benefit plans. See Note 4 for a further description of the Separation of CSRA.

Defined Benefit Pension Plans

U.S. Plans

Contributory defined benefit plans had historically been available to U.S. employees, but have largely been transferred to CSRA. The remaining U.S. plans cover a very limited number of employees under existing union contracts. The Company’s funding policy is to make contributions, as determined by an independent actuary, to the plans in amounts that meet the minimum requirements of the Internal Revenue Code (IRS) and ERISA, and that may exceed such minimum requirements if determined to be beneficial to the Company for cost recoverability, tax, or other regulatory reasons.

Non-U.S. Plans

Eligible non-U.S. employees are enrolled in defined benefit pension plans in their country of domicile. The Contributory defined benefit pension plan in the U.K. represents the largest plan. In addition, healthcare, dental and life insurance benefits are also provided to certain non-U.S. employees. A significant number of employees outside the U.S. are covered by government sponsored programs at no direct cost to the Company other than related payroll taxes.

On December 31, 2015, a defined benefit pension plan in Switzerland was subject to interim remeasurement due to the significant amount of settlement payments from the plan. The interim remeasurement of the plan assets and liabilities resulted in an aggregate credit of $7 million, comprising actuarial gains of $7 million and a settlement gain of $0 million. A discount rate of 0.81% was used to remeasure the plans; a decrease from 1.20% in the prior fiscal year. As a result of the remeasurement, the plan's Projected Benefit Obligation (PBO) decreased by $14 million and the funded status was 74%. The weighted-average expected long-term rate of return on plan assets, after remeasurement, is 4.15%, which is consistent with the rate used at the beginning of fiscal 2016.

On December 31, 2014, a defined benefit pension plan in Switzerland was subject to interim remeasurement due to the significant amount of settlement payments from the plan. The interim remeasurement of the plan assets and liabilities resulted in an aggregate charge of $29 million, comprising actuarial losses of $26 million and a settlement loss of $3 million. A discount rate of 1.20% was used to remeasure the plans; a decrease from 2.10% in the prior fiscal year. As a result of the remeasurement, the plan's PBO decreased by $38 million and the funded status was 78%. The weighted-average expected long-term rate of return on plan assets, after remeasurement, is 3.60%, which is consistent with the rate used at the beginning of fiscal 2015.

On July 31, 2014, CSC completed the sale of a German software business, which had a pension plan. The plan was remeasured as of the date of the sale, resulting in settlement gain totaling $3 million, which has been reported within income from discontinued operations, net of taxes in the Company's Consolidated Statements of Operations.

On December 20, 2013, two U.K. pension plans were remeasured due to a plan amendment arising from a change in the index used to determine the level of pension increases, from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). A weighted average discount rate of 4.65% was used to remeasure the plans; an increase from 4.31% in the prior fiscal year. As a result of the remeasurement, the pension benefit obligation decreased by $443 million and the average funded status for both plans was 108%.

As additional contractual termination benefits, for certain employees participating in a U.K. pension plan, and in connection with the restructuring plans (see Note 20), the Company accrued $6 million, $3 million, and $17 million, for fiscal years 2016, 2015 and 2014, respectively. These amounts are reflected in the projected benefit obligation and in the net periodic pension cost.

The following table provides a reconciliation of the projected benefit obligations:

	U.S. Pension Plans		Non-U.S. Pension Plans	
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**April 1, 2016**	**April 3, 2015**
Projected benefit obligation at beginning of year	$ 30	$ 29	$ 3,006	$ 2,873
Service cost	—	—	25	23
Interest cost	1	1	90	117
Plan participants’ contributions	—	—	4	4
Amendments	—	—	(3)	1
Business/contract acquisitions/divestitures	—	—	1	(6)
Contractual termination benefits	—	—	6	3
Settlement/curtailment	—	(3)	(14)	(25)
Actuarial loss (gain)	(1)	4	(91)	491
Benefits paid	(2)	(2)	(101)	(95)
Foreign currency exchange rate changes	—	—	(95)	(384)
Other	(1)	1	(1)	4
Projected benefit obligation at end of year	$ 27	$ 30	$ 2,827	$ 3,006

The following table provides a reconciliation of the fair value of plan assets and funded status:

	U.S. Pension Plans		Non-U.S. Pension Plans	
(Amounts in millions)	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Fair value of plan assets at beginning of year	$ 26	$ 29	$ 2,802	$ 2,824
Actual return on plan assets	(1)	2	(48)	367
Employer contribution	—	—	20	45
Plan participants' contributions	—	—	4	4
Benefits paid	(2)	(2)	(101)	(95)
Contractual termination benefits	—	—	11	23
Plan settlement	—	(3)	(14)	(25)
Foreign currency exchange rate changes	—	—	(100)	(340)
Other	—	—	(1)	(1)
Fair value of plan assets at end of year	$ 23	$ 26	$ 2,573	$ 2,802
Funded status at end of year	$ (4)	$ (4)	$ (254)	$ (204)

The following table provides the amounts recorded in the Company's Consolidated Balance Sheets:

	U.S. Pension Plans		Non-U.S. Pension Plans	
(Amounts in millions)	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Other assets	$ —	$ —	$ 44	$ 83
Accrued expenses and other current liabilities	—	—	(4)	(4)
Other long-term liabilities	(4)	(4)	(294)	(283)
Net amount recorded	$ (4)	$ (4)	$ (254)	$ (204)

A summary of amounts included within Other comprehensive (loss) income, net of taxes in the Company's Consolidated Statements of Comprehensive Income (Loss), as of April 1, 2016 and April 3, 2015 that were not recognized in the Company's Consolidated Statements of Operations is shown below:

	Non-U.S. Pension Plans	
(Amounts in millions)	April 1, 2016	April 3, 2015
Net transition obligation	$ 1	$ 2
Prior service cost	(265)	(273)
Accumulated other comprehensive (loss) income	$ (264)	$ (271)

The U.S. pension plans did not have accumulated other comprehensive (loss) income for the fiscal years ended April 1, 2016 or April 3, 2015.

Estimated net transitional obligations of $1 million and prior service credit of $(9) million will be amortized from accumulated other comprehensive income into net periodic pension cost over the next fiscal year.

The following table summarizes the weighted average rates used in the determination of the Company's pension plans' benefit obligations:

	U.S. Pension Plans		Non-U.S. Pension Plans	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Discount rate	3.9%	3.8%	3.1%	3.0%
Rates of increase in compensation levels	—%	—%	2.6%	2.8%

The following tables provide selected information for the pension plans:

	U.S. Pension Plans		Non-U.S. Pension Plans	
(Amounts in millions)	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Projected benefit obligation	$ 27	$ 30	$ 2,827	$ 3,006
Accumulated benefit obligation	28	30	2,782	2,948
Fair value of plan assets	23	26	2,573	2,802

	Pension Plans with Projected Benefit Obligation in Excess of Plan Assets (U.S. and Non-U.S.)		Pension Plans with Accumulated Benefit Obligation in Excess of Plan Assets (U.S. and Non-U.S.)	
(Amounts in millions)	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Projected benefit obligation	$ 668	$ 680	$ 643	$ 652
Accumulated benefit obligation	633	634	615	616
Fair value of plan assets	366	389	346	369

The net periodic pension cost included the following components for the fiscal years noted:

	Non-U.S. Pension Plans		
(Amounts in millions)	April 1, 2016	April 3, 2015	March 28, 2014
Service cost	$ 25	$ 23	$ 25
Interest cost	90	117	124
Expected return on assets	(177)	(181)	(166)
Amortization of transition obligation	1	1	1
Amortization of prior service costs	(9)	(10)	(5)
Contractual termination benefit	6	3	17
Settlement (gain) loss	(2)	1	—
Recognition of actuarial loss (gain)	126	274	(101)
Net periodic pension expense (income)	$ 60	$ 228	$ (105)

The U.S. pension plans had no net periodic pension expense (income) for the fiscal year ended April 1, 2016 and was $3 million and $(2) million for the fiscal years ended April 3, 2015 and March 28, 2014, respectively.

The weighted-average rates used to determine net periodic pension cost were:

	U.S. Pension Plans			Non-U.S. Pension Plans		
	April 1, 2016	April 3, 2015	March 28, 2014	April 1, 2016	April 3, 2015	March 28, 2014
Discount or settlement rates	3.8%	4.3%	4.2%	3.0%	4.2%	4.1%
Expected long-term rates of return on assets	7.9%	7.6%	7.2%	6.3%	6.5%	6.2%
Rates of increase in compensation levels	—%	—%	—%	2.8%	3.4%	3.5%

Information about the expected cash flows for pension plans as of April 1, 2016, was as follows:

(Amounts in millions)	U.S. Plans	Non-U.S. Plans
Employer contributions:		
2017	$ —	$ 52
Benefit Payments:		
2017	2	91
2018	2	96
2019	2	103
2020	2	110
2021	2	116
2022 and thereafter	9	662

Other Defined Benefit Postretirement Plans

The Company provides subsidized healthcare and life insurance retirement benefits for certain U.S. employees and retirees, generally for those employed prior to August 1992. The Company amended its retiree healthcare plans effective February 1, 2015, such that Medicare eligible and Medicare ineligible retirees receive healthcare benefits through different processes.

On October 6, 2014, the Company amended its U.S. retiree medical health plans to provide coverage to eligible Medicare retirees through a private insurance marketplace that allows retirees to choose the health insurance terms, cost and coverage that best fit their needs. CSC will continue to provide financial support to these participants in the form of a tax free contribution to a health reimbursement account. This amendment resulted in interim remeasurement of the retiree medical plans, which resulted in an actuarial loss of $1 million in fiscal 2015. A weighted average discount rate of 4.01% was used to remeasure the plans; a decrease from 4.32% in the prior fiscal year. As a result of the remeasurement, the benefit obligations decreased and the prior service credit each increased by $99 million. Subsequent to the remeasurement, the average funded status was 74%. After remeasurement, as of October 6, 2014, the weighted-average expected long-term rate of return on plan assets was 7.50%, which is consistent with the rate at March 29, 2014.

As a result of the Separation, nearly all of the plan assets associated with postretirement benefit plans were transferred to CSRA. Therefore, the accumulated postretirement benefit obligations of $25 million and $26 million, as of April 1, 2016 and April 3, 2015, respectively, represent plans with accumulated postretirement benefit obligations in excess of the fair value of plan assets. The postretirement benefit obligation will be paid from the Company's continuing operations.

The weighted average rates used in the determination of the Company’s postretirement benefit obligations were 4.1% and 3.7% as of April 1, 2016 and April 3, 2015, respectively.

Following are the expected cash flows for U.S. and non-U.S. based other postretirement benefit plans:

(Amounts in millions)	U.S. and Non-U.S. Plans
Employer Contributions:	
2017	$ 1
Benefit Payments:	
2017	1
2018	1
2019	2
2020	2
2021	1
2022 and thereafter	7

Pension and Other Postretirement Benefit Plan Assets

U.S. pension plan and other postemployment benefits (OPEB) plan assets are held in a trust that includes commingled funds. Non-U.S. assets are subject to country specific regulations and invest primarily in commingled funds.

The Company's investment goals and risk management strategy for plan assets evaluates a number of factors, including the time horizon of the pension plans' obligations. Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification in order to minimize risk, yet produces a reasonable amount of return on investment over the long term. Sufficient liquidity is maintained to meet benefit obligations as they become due. Third party investment managers are employed to invest assets in both passively-indexed and actively-managed strategies. Equities are primarily invested broadly in domestic and foreign companies across market capitalizations and industries. Fixed income securities are invested broadly, primarily in government treasury, corporate credit, mortgage backed and asset backed investments. Alternative investment allocations are included in selected pension plans to achieve greater portfolio diversity intended to reduce the overall risk of the plans.

Plan asset risks include longevity, inflation, and other changes in market conditions that could reduce the value of plan assets. Also, a decline in the yield of high quality corporate bonds may adversely affect discount rates resulting in an increase in CSC's pension and other post retirement obligations. These risks, among others, could cause the plans' funded status to deteriorate, resulting in an increased reliance on Company contributions. Derivatives are permitted although their current use is limited within traditional funds and broadly allowed within alternative funds. They are used in the U.S. pension trust traditional fixed income portfolios for duration and interest rate risk management and traditional equity portfolios to gain market exposure. Derivatives are also used in the U.K. pension plans for inflation risk management and within the liability driven investing strategy. The Company also has investments in insurance contracts to pay plan benefits in certain countries.

For the U.S. pension trust, an allocation range by asset class was developed, which has a significant weighting to equity investments in part due to the relatively long duration of the plans' obligations. As of March 2016, the plan fiduciaries adopted investment allocation targets for the U.S. pension trust of 55% equities, 35% fixed income securities, and 10% alternative investments. An allocation range is established for each asset class and cash equivalents may represent between 0%-10% of the fund. Asset allocations are monitored closely and investment reviews are conducted regularly. The Company consults with internal and external advisors regarding asset strategy.

For the U.K. pension plans, the Company's largest pension plans by assets and projected liabilities, a target allocation by asset class was developed to achieve their long term objectives. As of April 1, 2016, the largest plan held investment allocation targets of 35% equities, 33% fixed income (including 23% corporate bonds and 10% in liability-driven investment products), and 32% alternatives. Alternatives include risk parity, hedge fund, multi-asset credit, and property fund allocations. Asset allocations are monitored closely by the plan trustees and investment reviews are conducted regularly. The plan trustees consult with internal and external advisors regarding asset strategy.

Fair Value Measurement Techniques of Plan Assets

CSC early adopted the provisions of ASU 2015-04 and used March 31, 2015 as the date closest to its fiscal year end, to value plan assets of all its defined benefit plans. There was no material impact of adoption of this ASU on the fair value of plan assets. Note 1 under the heading of Fair Value provides definitions of the three hierarchy levels of inputs used for measuring plan assets.

Cash equivalents that have quoted prices in active markets are classified as Level 1. Short-term money market commingled funds are categorized as Level 2 and valued at cost plus accrued interest which approximates fair value.

Fixed income accounts are categorized as Level 2. Investments in corporate bonds are primarily investment grade bonds, generally priced using model-based pricing methods that use observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used.

Domestic and global equity accounts are categorized as Level 1 if the securities trade on national or international exchanges and are valued at their last reported closing price. Equity assets in commingled funds reporting a net asset value are categorized as Level 2.

Insurance contracts purchased to cover benefits payable to retirees are valued using the assumptions used to value the projected benefit obligation. Most of the plans' insurance contracts are categorized as level 2 while one plan has a level 3 insurance contract.

Derivatives are categorized as Level 1 if the securities trade actively on a recognized exchange, as Level 2 if the securities can be valued using observable inputs, or as Level 3 if the securities are valued using significant unobservable inputs.

Alternative investment fund securities are categorized as Level 1 if held in a mutual fund or in a separate account structure and actively traded through a recognized exchange, or as Level 2 if they are held in commingled or collective account structures and are actively traded. Alternative investment fund securities are classified as Level 3 if they are held in Limited Company or Limited Partnership structures or cannot otherwise be classified as Level 1 or Level 2.

The fair value of U.S. pension plan assets as of April 1, 2016 and April 3, 2015 was $23 million and $26 million, respectively. There were no OPEB plan assets as of April 1, 2016 or April 3, 2015.

The fair value of non-U.S. pension plans as of April 1, 2016 is shown below. There were no OPEB plan assets as of April 1, 2016.

Non-U.S. Pension Plan Assets

(Amounts in millions)	Level 1	Level 2	Level 3	Total
Equity:				
Global/International Equity commingled funds	$ —	$ 415	$ —	$ 415
Global equity mutual funds	—	230	—	230
U.S./North American Equity commingled funds	—	257	—	257
Fixed Income:				
Fixed income commingled funds	—	839	—	839
Alternatives:				
Other Alternatives [1]	3	371	165	539
Hedge Funds[2]	—	—	146	146
Insurance contracts	—	135	4	139
Cash and cash equivalents	5	4	—	9
Fair value of non-U.S. pension assets as of April 1, 2016	$ 8	$ 2,251	$ 315	$ 2,574

[1] Represents real estate, and other commingled funds consisting mainly of equities, bonds, or commodities.
[2] Represents investments in diversified fund of hedge funds.

Below is a roll-forward of the assets valued using significant unobservable inputs (Level 3):

(Amounts in millions)	Non-U.S. Plans
Beginning balance as of April 3, 2015	$ 289
Actual return on plan assets held at the reporting date	6
Purchases, sales, and settlements	34
Changes due to exchange rates	(14)
Ending balance as of April 1, 2016	$ 315

The fair value of non-U.S. pension plans as of April 3, 2015 is shown below. There were no OPEB plan assets as of April 3, 2015.

(Amounts in millions)	Level 1	Level 2	Level 3	Total
Equity:				
Global/International Equity commingled funds	$ —	$ 817	$ —	$ 817
Global equity mutual funds	—	122	—	122
U.S./North American Equity commingled funds	—	64	—	64
Fixed Income:				
Fixed income commingled funds	—	944	—	944
Alternatives:				
Other Alternatives [1]	3	392	116	511
Hedge Funds[2]	—	—	169	169
Insurance contracts	—	137	4	141
Cash equivalents	30	4	—	34
Fair value of non-U.S. pension assets as of April 3, 2015	$ 33	$ 2,480	$ 289	$ 2,802

[1] Represents real estate, and other commingled funds consisting mainly of equities, bonds, or commodities.
[2] Represents investments in diversified fund of hedge funds.

Below is a roll-forward of the assets valued using significant unobservable inputs (Level 3):

(Amounts in millions)	Non-U.S. Plans
Beginning balance as of March 28, 2014	$ 209
Actual return on plan assets held at the reporting date	18
Purchases, sales, and settlements	(13)
Transfers in and / or out of Level 3	105
Changes due to exchange rates	(30)
Ending balance as of April 3, 2015	$ 289

The asset allocation of pension plans at April 1, 2016 and April 3, 2015, respectively, is as follows:

	U.S. Plans		Non-U.S. Plans	
Asset Category	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Equity securities	55%	27%	35%	36%
Debt securities	35%	25%	32%	34%
Alternatives	9%	47%	27%	24%
Cash and other	1%	1%	6%	6%
Total	100%	100%	100%	100%

Return on Assets

The Company consults with internal and external advisors regarding the expected long-term rate of return on assets. In the U.S. and U.K., the Company uses various sources in its approach to compute the expected long-term rate of return of the major asset classes expected in each of the plans. CSC utilizes long-term, typically 30 years, asset class return assumptions provided by external advisors. Consideration is also given to the extent active management is employed in each asset class and also to management expenses. A single expected long-term rate of return is calculated for each plan by assessing the plan's expected asset allocation strategy, the benefits of diversification therefrom, historical excess returns from actively managed traditional investments, expected long-term returns for alternative investments and expected investment expenses. The resulting composite rate of return is reviewed by internal and external parties for reasonableness.

Retirement Plan Discount Rate

The U.S. discount rate assumption is prepared through a two-step process; the first step generates a yield curve developed as of the measurement date using high-quality corporate bond yields. In step two, each plan's future cash flows are applied to the appropriate years on the yield curve and the weighted value of the cash flows is used to determine a single equivalent discount rate. In fiscal 2016, the discount rates were developed separately for each U.S. pension and other postretirement plan to the nearest basis point using a single yield curve, the Aon Hewitt AA Only Above Median Curve. This yield curve is a hypothetical AA or greater yield curve represented by a series of annualized individual spot discount rates going out 100 years. This curve provides a more transparent view to the underlying bonds and is available daily which provides for a discount rate to be calculated specific to the Company's fiscal year end. For years prior to fiscal 2015, the U.S. discount rates were determined using an average of the Citigroup yield curve and the AON Hewitt yield curve rounded to the nearest 10 basis points.

The U.K. discount rate is based on the yield curve approach using the U.K. Aon Hewitt GBP Single Agency AA Corporates-Only Curve. In fiscal 2016, the bond universe was modified to include corporate bonds only as compared to including non-gilt universe in fiscal 2015.

Defined Contribution Plans

The Company sponsors defined contribution plans for substantially all U.S. employees and certain foreign employees. The plans allow employees to contribute a portion of their earnings in accordance with specified guidelines. Beginning January 1, 2014, matching contributions were made annually in January following the end of the calendar year. In order to receive such contributions, a participant must be employed on December 31 of the plan year. However, if a participant retires from CSC or dies prior to December 31, the participant will be eligible to receive matching contributions approximately 30 days following separation from service. The plan was amended in fiscal 2014 to change vesting from five years to one year. During fiscal years 2016, 2015, and 2014, the Company contributed $132 million, $177 million, and $179 million, respectively. At April 1, 2016, plan assets included 5,675,165 shares of the Company’s common stock.

Deferred Compensation Plan

Effective August 14, 1995, the Company adopted the Computer Sciences Corporation Deferred Compensation Plan (the Plan). The Plan consists of two separate plans, one for the benefit of key executives and one for the benefit of non-employee directors. Pursuant to the Plan, 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, and non-employee directors are eligible to defer up to 100% of their compensation. The liability, which is included in Other long-term liabilities in the Company's Consolidated Balance Sheets under the Plan, amounted to $74 million as of April 1, 2016 and $117 million as of April 3, 2015. The Company’s expense under the Plan totaled $3 million, $2 million, and $9 million, for fiscal years 2016, 2015, and 2014, respectively.

Note 15 - Stockholders' Equity

Share Repurchase Program

In May 2014, the Company's Board of Directors approved a share repurchase program authorizing up to $1.5 billion in share repurchases of the Company's outstanding common stock, upon completion of the prior $1.0 billion share repurchase program.

The Company repurchases shares through a combination of open market purchases and Accelerated Share Repurchase (ASR) arrangements, in compliance with SEC rules, market conditions and applicable federal and state legal requirements. The timing, volume and nature of share repurchases are at the discretion of management and may be suspended or discontinued at any time. No end date was established for the current repurchase program. The shares repurchased are retired immediately and included in the category of authorized but unissued shares. For accounting purposes, the excess of purchase price over par value of the common shares is allocated between additional paid-in capital and retained earnings.

The Company's repurchases, under both the open market purchases and the ASR arrangements, are shown below:

Fiscal year	Number of shares repurchased	Average price per share	Amount (In millions)
2016			
Open market purchases	3,587,224	$48.28	$ 173
ASR [1]	162,908	$0.00	—
Total	3,750,132	$46.18	$ 173
2015			
Open market purchases [2]	7,560,358	$60.71	$ 459
ASR	4,155,193	$66.69	277
Total	11,715,551	$62.83	$ 736
2014			
Open market purchases	9,773,469	$51.65	$ 505

[1] *Reflects additional shares received during fiscal 2016 for the fourth quarter ASR arrangement.*

[2] *The Company paid $6 million during the first quarter of fiscal 2015 for shares purchased during the fourth quarter of fiscal 2014 that had not yet settled as of March 28, 2014 and is included within fiscal 2014 purchases.*

During fiscal 2015, the Company entered into two ASR arrangements with a financial institution. Both of these ASR arrangements were characterized by a) upfront cash payments by the Company against which it received an initial delivery of shares, and b) a true-up of the number of shares received, at maturity of the ASR arrangement, based on the volume weighted-average price of shares during the term of the ASR arrangement. In addition, both the ASR arrangements had prepaid contingent delivery provisions, which required the financial institution to deliver additional shares if the Company's stock price was below a predetermined price, on certain predetermined dates. However, in the event the Company's stock price exceeded the predetermined price, the prepaid amounts would be returned to the Company as cash or shares at the Company's option. Both the ASR arrangements met all applicable criteria for equity classification and, therefore, were not accounted for as derivative instruments. The amount of prepaid consideration for contingent delivery of shares, associated with the fourth quarter ASR arrangement, was initially included within equity during fiscal 2015 and subsequently reversed out of equity during fiscal 2016 when the Company received refund of the prepayment.

The details of the two fiscal 2015 ASR arrangements are as follows:

Program	Contract maturity	Total value of ASR (in millions)	Number of shares repurchased	Consideration (in millions)	Average price per share
Second quarter ASR arrangement [1]	November 6, 2014	$ 125	1,290,481	$ 75	$ 58.12
Fourth quarter ASR arrangement [2]	November 8, 2015	302	3,027,620	202	$ 66.75
Total		$ 427	4,318,101	$ 277	$ 64.17

[1] *In the third quarter of fiscal 2015, the Company received an additional 31,830 shares and a refund of the $50 million prepayment in cash upon settlement of the second quarter ASR arrangement.*

[2] *Consideration includes transaction costs. During the second quarter of fiscal 2016, the Company received an additional 162,908 shares. During the third quarter of fiscal 2016, the Company received a refund of a $100 million prepayment in cash upon settlement of the fourth quarter ASR arrangement.*

Treasury Stock Transactions

In fiscal 2016, 2015, and 2014 the Company accepted 48,416, 121,350, and 168,739 shares of its common stock, respectively, in lieu of cash in connection with the exercise of stock options. In fiscal 2016, 2015, and 2014, the Company accepted 716,999, 330,037, and 160,753 shares of its common stock, respectively, in lieu of cash in connection with the tax withholdings associated with the release of common stock upon vesting of restricted stock and restricted stock units.

Dividends

In connection with the Separation (see Note 4), CSC and CSRA each paid concurrent special cash dividends on November 30, 2015 which in the aggregate totaled $10.50 per share. Of that $10.50 per share dividend, $2.25 was paid by CSC and $8.25 was paid by CSRA. Payment of each portion of the Special Dividend was made to holders of common stock on the Record Date who received shares of CSRA common stock in the distribution.

During fiscal 2016, the Company declared cash dividends per common share of $2.99 totaling $421 million (including the Special Dividend discussed above). Of the total dividends declared, excluding dividend equivalents, $19 million was unpaid as of April 1, 2016. Such dividends were paid on April 29, 2016.

During fiscal 2015, the Company declared cash dividends per common share of $0.92 totaling $131 million. Of the total dividends declared, $32 million was unpaid as of April 3, 2015.

During fiscal 2014, the Company declared cash dividends per common share of $0.80 totaling $118 million. Of the total dividends declared, $29 million was unpaid as of March 28, 2014.

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 Hedge	Net Change Pension and Other Postretirement Benefit Plans	Transfer to CSRA	Accumulated Other Comprehensive Income (Loss)
Balance at March 29, 2013	$ 75	$ —	$ 33	$ —	$ 108
Current-period other comprehensive (loss) income	(81)	—	267	—	186
Reclassified from accumulated other comprehensive loss	—	—	(15)	—	(15)
Balance at March 28, 2014	$ (6)	$ —	$ 285	$ —	$ 279
Current-period other comprehensive (loss) income	(310)	(2)	57	—	(255)
Reclassified from accumulated other comprehensive loss	—	—	(3)	—	(3)
Balance at April 3, 2015	$ (316)	$ (2)	$ 339	$ —	$ 21
Current-period other comprehensive (loss) income	(83)	1	1	—	(81)
Reclassified from accumulated other comprehensive loss	—	—	(20)	(31)	(51)
Balance at April 1, 2016	$ (399)	$ (1)	$ 320	$ (31)	$ (111)

Note 16 - Stock Incentive Plans

Employee Incentives

The Company has two stock incentive plans which authorize the issuance of stock options, restricted stock and other stock-based incentives to employees upon terms approved by the Compensation Committee of the Board of Directors. The Company's overall stock-based compensation granting practice has not changed significantly since previously reported. The Company issues authorized but previously unissued shares upon the exercise of stock options, the granting of restricted stock awards and the settlement of RSUs. There were no restricted stock awards outstanding during fiscal years 2016, 2015, or 2014. As of April 1, 2016, 10,296,980 shares of CSC common stock were available for the grant of future stock options, restricted stock or other stock-based incentives to employees.

The Company recognized stock-based compensation expense for fiscal years 2016, 2015, and 2014 as follows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Total	$ 46	$ 68	$ 73
Total, net of tax	$ 29	$ 43	$ 46

Stock-based compensation for fiscal 2016 decreased $22 million when compared to the prior year. The decrease is primarily related to a greater number of employee terminations, forfeitures as of the annual vesting date during the first quarter and changes in the assumed forfeiture rate. The impact of changes in forfeiture rate estimates was approximately $15 million.

Stock-based compensation for fiscal 2015 decreased $5 million when compared to the prior year. The decrease is due to $25 million of lower expenses resulting from higher forfeitures for terminating employees. This decrease was offset by $12 million of fiscal 2015 option and RSU grants, impacted by the Company's higher stock price, and $8 million of expense associated with RSUs granted to employees of ServiceMesh, which was acquired in the third quarter of fiscal 2014.

The Company uses the Black-Scholes-Merton model in determining the fair value of stock options granted. In determining the overall risk-free interest rate for fiscal 2016, a range of interest rates from 1.47% to 1.97% was applied depending on the expected life of the grant. The range of volatility used for fiscal 2016 was 27% to 31%. The dividend yield assumption was based on the respective fiscal year dividend payouts. Forfeitures are estimated based on historical experience and adjustments are made annually to reflect actual forfeiture experience.

The weighted average fair values of stock options granted during fiscal years 2016, 2015, and 2014 were $9.00, $18.32 and $13.34 per share, respectively. In calculating the compensation expense for its stock incentive plans, the Company used the following weighted average assumptions:

	Fiscal Year		
	2016	2015	2014
Risk-free interest rate	1.81%	2.07%	1.32%
Expected volatility	31%	33%	34%
Expected term (in years)	6.23	6.22	6.48
Dividend yield	1.39%	1.50%	1.71%

During fiscal year 2016, the Company early adopted ASU 2016-09 on a prospective basis for fiscal year 2016 which requires the excess tax benefits related to employee share-based payment awards to be recorded as a tax benefit within the statement of operations. See Note 1 - new accounting standards. The actual tax benefit realized for tax deductions from stock-based award activity during fiscal 2016 was $62 million. This includes $23 million of excess tax benefit which was included in the Company's income tax benefit for the year ended April 1, 2016. Prior to the adoption of ASU 2016-09, the excess tax benefit would have been recorded as additional paid in capital. CSC elected not to change its policy on accounting for forfeitures and continued to estimate the number of awards for which the requisite service period will not be rendered.

As a result of the Separation of CSRA in the third quarter fiscal 2016, most stock awards issued by the Company were modified, including acceleration of vesting of certain awards and the issuance of new CSRA awards under the basket method, whereby awards granted prior to fiscal year 2016 in CSC equity were converted into two awards: an award in an adjusted CSC equity award and a CSRA equity award. In the case of stock options, the number of options and the exercise price were adjusted for the impact of the Separation. The conversions were structured to generally preserve the intrinsic value of the awards immediately prior to the Separation. There was no incremental stock compensation expense recognized as a result of the modification of the awards.

Stock Options

The Company's stock options vest one-third annually on each of the first three anniversaries of the grant date. Stock options are generally granted for a term of ten years. Information concerning stock options granted under stock incentive plans during fiscal years 2016, 2015 and 2014 was as follows:

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (In millions)
Outstanding as of March 29, 2013	15,140,567	$ 43.23	5.45	$ 113
Granted	2,199,369	45.20		
Exercised	(5,015,849)	44.10		53
Canceled/Forfeited	(1,247,511)	33.89		
Expired	(1,246,965)	52.05		
Outstanding as of March 28, 2014	9,829,611	43.30	5.73	167
Granted	1,331,862	60.89		
Exercised	(4,476,715)	45.19		82
Canceled/Forfeited	(1,057,332)	42.67		
Expired	(71,117)	45.53		
Outstanding as of April 3, 2015[1]	5,556,309	46.08	5.93	107
Granted	1,052,129	30.70		
Issued due to Separation modification	1,614,465	28.40		
Exercised	(2,372,109)	19.27		46
Canceled/Forfeited	(434,578)	28.59		
Expired	(49,595)	20.87		
Outstanding as of April 1, 2016	5,366,621	24.83	7.06	51
Vested and expected to vest in the future as of April 1, 2016	5,185,363	24.63	6.98	50
Exercisable as of April 1, 2016	3,070,934	20.79	5.59	41

[1] The amount of the weighted average fair value per share has been revised to reflect the impact of the Separation.

	April 1, 2016				
	Options Outstanding			Options Exercisable	
Range of Option Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Number Exercisable	Weighted Average Exercise Price
$10.35 - $23.95	2,117,651	$ 18.22	5.09	2,117,651	$ 18.22
$24.05 - $29.70	1,289,621	26.73	6.62	950,996	26.51
$30.31 - $30.73	1,959,349	30.71	9.15	2,287	30.73
	5,366,621			3,070,934	

The total fair value of stock options vested during fiscal years 2016, 2015 and 2014 was $13 million, $9 million, and $14 million, respectively. The cash received from stock options exercised during fiscal years 2016, 2015 and 2014 was $82 million, $196 million and $214 million, respectively.

As of April 1, 2016, there was $14 million of unrecognized compensation expense related to unvested stock options, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 2.08 years.

Restricted Stock Units

RSUs consist of equity awards with the right to receive one share of common stock of the Company granted at a price of $0. RSUs generally vest over periods of three to five years. Upon the settlement date, RSUs are settled in shares of CSC common stock and dividend equivalents. 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 employment termination date and any unvested shares and dividend equivalents are forfeited.

Certain executives were awarded service-based RSUs for which the shares are redeemable over the ten anniversaries following the executive's separation from service as a full-time employee, provided the executive complies with certain non-competition covenants during the ten-year period following the executive's separation of service. For certain executives who joined the company in fiscal year 2013 and thereafter, the awards vest at age 62, or 50% of the award vests at age 55 with 5 years' service with an additional 10% vesting each additional year of service up to 10 years of service. Prior to fiscal year 2013, awards vested at age 65 or age 55 with 10 years of service.

The Company also grants PSUs, which generally vest over a period of three 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 CSC 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. Beginning in fiscal 2013, PSU awards granted include the potential for accelerated vesting of 25% of the shares granted after the first and second fiscal years if certain company performance targets are met early. Compensation expense during the performance period is estimated at each reporting date using management's expectation of the probable achievement of the specified performance criteria and is adjusted to the extent the expected achievement changes. Shares were settled in the first quarter of fiscal 2015 due to meeting the company performance targets in fiscal year 2014. Based on management's expectation of meeting the performance criteria, the probable achievement was increased to the maximum payout resulting in additional expense recognized. In the table below, such awards are reflected at the number of shares originally granted.

Information concerning RSUs (including PSUs) granted under the stock incentive plans during fiscal years 2016, 2015, and 2014, was as follows:

	Number of Shares	Weighted Average Fair Value
Outstanding as of March 29, 2013	2,263,272	$ 31.53
Granted	2,018,416	49.05
Settled	(464,293)	33.06
Canceled/Forfeited	(629,654)	38.11
Outstanding as of March 28, 2014	3,187,741	41.34
Granted	1,000,150	60.91
Settled	(829,861)	40.81
Canceled/Forfeited	(778,355)	42.62
Outstanding as of April 3, 2015 [1]	2,579,675	48.70
Granted	3,234,197	27.97
Issued due to Separation modification	419,160	29.95
Settled	(1,783,664)	28.87
Canceled/Forfeited	(851,369)	40.97
Outstanding as of April 1, 2016	3,597,999	29.25

[1] The amount of the weighted average fair value per share has been revised to reflect the impact of the Separation.

As of April 1, 2016, there was $68 million of unrecognized compensation expense related to unvested RSUs, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 2.45 years.

Non-employee Director Incentives

The Company has two stock incentive plans which authorize the issuance of stock options, restricted stock and other stock-based incentives to non-employee directors upon terms approved by the Company's Board of Directors. As of April 1, 2016, 124,936 shares of CSC common stock remained available for the grant of future RSUs or other stock-based incentives to nonemployee directors.

RSU awards to non-employee directors are granted at a price of $0. For RSU awards granted in fiscal 2014 and thereafter, RSUs vest and settle at the earlier of (i) the one-year anniversary of the grant date, or (ii) the date of the Company's first Annual Meeting of the Stockholders held after the grant date. Alternatively, settlement of the RSU may be deferred per election of the non-employee director.

For awards granted in fiscal 2013 and prior, vested RSUs are automatically settled for shares of CSC common stock and dividend equivalents when the non-employee director ceases to be a director of the Company. At the holder's election, the RSUs may be settled (i) in their entirety, upon the day the holder ceases to be a director, or (ii) in substantially equal amounts upon the first five, ten or fifteen anniversaries of such termination of service.

Information concerning RSUs granted to non-employee directors during fiscal years 2016, 2015, and 2014 was as follows:

	Number of Shares	Weighted Average Fair Value
Outstanding as of March 29, 2013	188,445	$ 39.85
Granted	25,000	51.55
Settled	(29,299)	35.81
Canceled/Forfeited	—	—
Outstanding as of March 28, 2014	184,146	42.07
Granted	22,100	59.63
Settled	(62,260)	44.10
Canceled/Forfeited	—	—
Outstanding as of April 3, 2015 [1]	143,986	30.02
Granted	65,188	31.75
Settled	(107,878)	33.11
Canceled/Forfeited	(12,250)	33.96
Outstanding as of April 1, 2016	89,046	27.00

[1] The amount of the weighted average fair value per share has been revised to reflect the impact of the Separation.

Note 17 - Cash Flows

Cash payments for interest on indebtedness and cash payments for taxes on income are as follows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Interest	$ 124	$ 144	$ 140
Taxes on income, net of refunds	65	146	122

Non-cash investing activities include the following:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Capital expenditures in accounts payable and accrued expenses	$ 42	$ 39	$ 45
Capital expenditures through capital lease obligations	47	24	149
Assets acquired under long-term financing	1	64	49

Non-cash financing activities for the years ended April 1, 2016, April 3, 2015 and March 28, 2014 included common stock dividends declared but not yet paid of $19 million, $32 million and $29 million, respectively. Non-cash financing activities also included shares repurchased under the stock repurchase plan but not settled of $0 million, $0 million and $6 million as of April 1, 2016, April 3, 2015 and March 28, 2014, respectively.

Note 18 - Other (Income) Expense, Net

The components of other (income) expense, net for fiscal 2016, fiscal 2015, and fiscal 2014 are:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Foreign currency (gain) loss	$ (1)	$ 11	$ 15
Other (gain) loss	(8)	(1)	3
Total	$ (9)	$ 10	$ 18

Foreign currency (gain) loss results from the movement of foreign currency exchange rates on the Company's foreign currency denominated assets and liabilities, related hedges including options to manage its exposure to economic risk, and the cost of the Company's hedging program.

Foreign currency (gain) loss noted above include forward point income of $6 million, $6 million, and $2 million, for the twelve months ended April 1, 2016, April 3, 2015 and March 28, 2014, respectively. Included within other (gain) loss for the twelve months ended April 1, 2016 is a $6 million gain on sale of certain assets.

Note 19 - Segment and Geographic Information

Due to the separation of CSRA, on November 27, 2015, NPS is no longer included as a reportable segment and its results have been reclassified to discontinued operations, net of taxes, for all periods presented. CSC now operates in two reportable segments, as follows:

- Global Business Services (GBS) - GBS provides innovative technology solutions including consulting, applications services, and software, which address key business challenges within the customer's industry. GBS strives to help clients understand and exploit industry trends of IT modernization and virtualization of the IT portfolio (hardware, software, networking, storage and computing assets). GBS has four primary growth areas: end-to-end applications services, consulting services, big data services, and industry aligned next-generation software and solutions. Applications services optimize and modernize clients' business and technical environments, enabling clients to capitalize on emerging services such as cloud, mobility, and big data within new commercial models such as the "as a Service" and digital economies. The consulting services business helps organizations innovate, transform, and create sustainable competitive advantage through a combination of industry, business process, technology, systems integration and change management expertise. The industry aligned next-generation software and solutions growth is focused in the insurance, banking, healthcare and life sciences, manufacturing and other diversified industries. Activities are primarily related to vertical alignment of software solutions and process-based intellectual property that power mission-critical transaction engines. Key competitive differentiators for GBS include its global scale, solution objectivity, depth of industry expertise, strong partnerships, vendor and product independence and end-to-end solutions and capabilities. Changing business issues such as globalization, fast-developing economies, government regulation, and growing concerns around risk, security, and compliance drive demand for these GBS offerings.

- Global Infrastructure Services (GIS) – GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data center management, cyber security, compute and managed storage solutions to commercial clients globally. GIS also delivers CSC's next-generation cloud offerings, including Infrastructure as a Service (IaaS), private cloud solutions, CloudMail and Storage as a Service. GIS provides a portfolio of standard offerings that have predictable outcomes and measurable results while reducing business risk and operational costs for clients. To provide clients with differentiated offerings, GIS maintains a select number of key alliance partners to make investments in developing unique offerings and go-to-market strategies. This collaboration helps CSC determine the best technology, road map and opportunities to differentiate solutions, expand market reach, augment capabilities, and jointly deliver impactful solutions. GIS seeks to capitalize on the emerging market trend with a rebundled IT portfolio of virtualized infrastructure.

The following table summarizes the operating results by reportable segment:

Twelve Months Ended (Amounts in millions)	GBS	GIS	Corporate	Total
April 1, 2016				
Revenues	$ 3,637	$ 3,469	$ —	$ 7,106
Operating income (loss)	381	216	(82)	515
Depreciation and amortization	124	491	43	658
April 3, 2015				
Revenues	$ 4,036	$ 4,081	$ —	$ 8,117
Operating income (loss)	405	162	(108)	459
Depreciation and amortization	149	673	18	840
March 28, 2014				
Revenues	$ 4,321	$ 4,578	$ —	$ 8,899
Operating income (loss)	574	382	(104)	852
Depreciation and amortization	152	704	14	870

Operating income (loss) provides useful information to the Company's management for assessment of the Company's performance and results of operations, and is one of the financial measures utilized to determine executive compensation.

A reconciliation of consolidated operating income to income (loss) from continuing operations before taxes is as follows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Operating income	$ 515	$ 459	$ 852
Corporate G&A	(216)	(230)	(245)
Pension & OPEB actuarial (losses) gains	(99)	(584)	217
SEC settlement related charges and other [1]	—	(200)	—
Separation costs	(19)	—	—
Interest expense	(123)	(126)	(128)
Interest income	38	20	16
Debt extinguishment costs	(95)	—	—
Other income (expense), net	9	(10)	(18)
Income (loss) from continuing operations before taxes	$ 10	$ (671)	$ 694

[1] *This item primarily relates to the SEC investigation settlement (see Note 2).*

Revenue by country is based on the location of the selling business unit. Property and equipment, total assets and capital expenditures (purchase of property and equipment) information is based on the physical location of the asset. Geographic revenue, property and equipment, net, total assets, and capital expenditures for the twelve months ended April 1, 2016, April 3, 2015, and March 28, 2014, are as follows:

	April 1, 2016				
(Amounts in millions)	**United States**	**United Kingdom**	**Other Europe**	**Other International**	**Total**
Revenue	$ 3,057	$ 1,570	$ 1,474	$ 1,005	$ 7,106
Property and Equipment, net	466	244	157	158	1,025
Total Assets	3,330	1,053	1,580	1,773	7,736
Capital Expenditures	249	66	48	49	412

	April 3, 2015				
	United States	**United Kingdom**	**Other Europe**	**Other International**	**Total**
Revenue	$ 3,268	$ 1,721	$ 1,928	$ 1,200	$ 8,117
Property and Equipment, net	505	257	176	172	1,110
Total Assets	5,979	1,621	1,197	1,424	10,221
Capital Expenditures	225	58	73	50	406

	March 28, 2014				
	United States	**United Kingdom**	**Other Europe**	**Other International**	**Total**
Revenue	$ 3,667	$ 1,699	$ 2,150	$ 1,383	$ 8,899
Property and Equipment, net	680	335	253	266	1,534
Total Assets	6,721	1,615	1,459	1,566	11,361
Capital Expenditures	333	89	85	88	595

No single commercial customer exceeded 10% of the Company’s revenues during fiscal 2016, fiscal 2015, or fiscal 2014.

Note 20 - Restructuring Costs

The Company recorded restructuring costs, net of reversals, of $23 million, $256 million, and $74 million for fiscal years 2016, 2015, and 2014, respectively.

Fiscal 2016 Plan

In September 2015, the Company initiated restructuring actions (the Fiscal 2016 Plan) across its business segments. The objectives of the Fiscal 2016 Plan are to optimize utilization of facilities and rightsize overhead organizations as a result of the Separation of CSRA. Total restructuring costs for the Fiscal 2016 Plan recognized during fiscal 2016 were $66 million, and consisted mainly of facilities restructuring and termination benefits associated with workforce reductions.

The composition of the restructuring liability for the Fiscal 2016 Plan as of April 1, 2016 was as follows:

(Amounts in millions)	Restructuring liability as of April 3, 2015	Costs expensed in fiscal 2016	Cash Paid	Other[1]	Restructuring liability as of April 1, 2016
Workforce reductions	$ —	$ 29	$ (6)	$ 6	$ 29
Facilities costs	—	37	(9)	2	$ 30
Total	$ —	$ 66	$ (15)	$ 8	$ 59

[1] Foreign currency translation adjustments and pension benefit augmentations recorded as pension liability.

Fiscal 2015 Plan

In June 2014, the Company initiated restructuring actions (the Fiscal 2015 Plan) across its business segments. The objectives of the Fiscal 2015 Plan were to further reduce headcount in order to align resources to support business needs. Total restructuring costs for the Fiscal 2015 Plan recorded during fiscal 2016 and 2015 were $(42) million and $269 million, and consisted of termination benefits associated with the workforce reductions, including pension benefit augmentations of $7 million and $10 million respectively, that are owed to certain employees in accordance with legal or contractual obligations, and which will be paid out over several years as part of normal pension distributions. As part of this plan, the Company took a restructuring charge of $241 million in the fourth quarter of fiscal 2015 to accelerate the efforts to optimize the workforce in high cost markets, particularly in Europe, address its labor pyramid and right-shore its labor mix.

The composition of the restructuring liability for the Fiscal 2015 Plan as of April 1, 2016 was as follows:

(Amounts in millions)	Restructuring liability as of April 3, 2015	Costs reversed in fiscal 2016	Cash Paid[1]	Other[2]	Restructuring liability as of April 1, 2016
Workforce reductions	$ 230	$ (42)	$ (152)	$ (7)	$ 29
Facilities costs	1	—	—	(1)	—
Total	$ 231	$ (42)	$ (152)	$ (8)	$ 29

[1] Includes $145 million related to fourth quarter fiscal 2015 special restructuring.
[2] Foreign currency translation adjustments and pension benefit augmentations recorded as a pension liability.

The composition of the restructuring liability for the Fiscal 2015 Plan as of April 3, 2015 was as follows:

(Amounts in millions)	Restructuring liability as of March 28, 2014	Costs expensed in fiscal 2015	Less: costs not affecting restructuring liability[1]	Cash Paid	Other [2]	Restructuring liability as of April 3, 2015
Workforce reductions	$ —	$ 265	$ (10)	$ (21)	$ (4)	$ 230
Facilities costs	—	4	(3)	—	—	1
Total	$ —	$ 269	$ (13)	$ (21)	$ (4)	$ 231

[1] Charges primarily consist of pension benefit augmentations and are recorded as a pension liability.
[2] Foreign currency translation adjustments.

Fiscal 2013 Plan

In September 2012, the Company initiated restructuring actions (the Fiscal 2013 Plan) across its business segments. The objectives of the Fiscal 2013 Plan were to (i) further increase the use of lower cost off-shore resources, (ii) reduce headcount in order to align resources to support business needs, including the assessment of management span of control and layers and (iii) optimize utilization of facilities. Actions under the Fiscal 2013 Plan commenced in September 2012 and continued through fiscal 2014. The expense reduction in fiscal 2015 was due to cancellation of a portion of a restructuring plan in a region, as well as revisions on plans that were executed at lower than expected costs.

Total restructuring costs for the Fiscal 2013 Plan recorded during fiscal 2016, 2015, and 2014 were $(1) million, $(13) million, and $72 million, respectively, including pension benefit augmentations of $0 million, $(7) million, and $22 million, respectively, that are owed to certain employees in accordance with legal or contractual obligations, and which will be paid out over several years as part of normal pension distributions.

The composition of the restructuring liability for the Fiscal 2013 Plan as of April 1, 2016 was as follows:

(Amounts in millions)	Restructuring liability as of April 3, 2015	Costs expensed in fiscal 2016	Cash paid	Other[2]	Restructuring liability as of April 1, 2016
Workforce reductions	$ 3	$ (1)	$ (3)	$ 2	$ 1
Facilities costs	5	—	(2)	(3)	—
Total	$ 8	$ (1)	$ (5)	$ (1)	$ 1

The composition of the restructuring liability for the Fiscal 2013 Plan as of April 3, 2015 was as follows:

(Amounts in millions)	Restructuring liability as of March 28, 2014	Costs expensed in fiscal 2015	Less: costs not affecting restructuring liability[1]	Cash paid	Other[2]	Restructuring liability as of April 3, 2015
Workforce reductions	$ 70	$ (13)	$ 7	$ (57)	$ (4)	$ 3
Facilities costs	13	—	—	(8)	—	5
Total	$ 83	$ (13)	$ 7	$ (65)	$ (4)	$ 8

[1] *Charges primarily consist of pension benefit augmentations and are recorded as a pension liability.*
[2] *Foreign currency translation adjustments.*

Fiscal 2012 Plan

In March 2012, the Company initiated restructuring actions (the Fiscal 2012 plan) primarily impacting its GIS segment. The objectives of the Fiscal 2012 plan were to (i) align the Company's workforce across various geographies with business needs, (ii) increase use of lower cost off-shore resources, and (iii) optimize utilization of facilities. Actions under the Fiscal 2012 plan commenced in March 2012 and were carried out in fiscal 2013 and fiscal 2014. There were no restructuring costs for the Fiscal 2012 Plan accrued in fiscal 2015 or fiscal 2016. The restructuring costs for the Fiscal 2012 plan recorded during fiscal 2014 was $2 million, and was associated primarily with employee terminations.

The composition of restructuring costs by segment for fiscal years 2016, 2015, and 2014 was as follows:

	Twelve Months Ended		
(Amounts in millions)	April 1, 2016	April 3, 2015	March 28, 2014
GBS	$ 20	$ 137	$ 46
GIS	3	114	28
Corporate	—	5	—
Total	$ 23	$ 256	$ 74

Of the total $89 million restructuring liability as of April 1, 2016, $84 million is included in accrued expenses and other current liabilities and $5 million is included in other long-term liabilities. Of the total $240 million restructuring liability as of April 3, 2015, $240 million was included in accrued expenses and other current liabilities and $0 million was included in other long-term liabilities.

The composition of restructuring costs for fiscal years 2016, 2015, and 2014 by financial statement line item is as follows:

	Twelve Months Ended		
(Amounts in millions)	**April 1, 2016**	**April 3, 2015**	**March 28, 2014**
Costs of services	$ 7	$ 248	$ 68
Selling, general and administrative	16	8	6
Total	$ 23	$ 256	$ 74

Note 21- Consolidated Variable Interest Entities

On November 2, 2015, CSC and HCL Technologies Ltd. (HCL) entered into partnership related to CeleritiFinTech Limited and CeleritiFinTech Services Limited. The subsidiaries were formed to operate and further invest in and expand banking products with the combined objective to promote and generate revenues from banking and other customers. The subsidiaries are structured as private limited companies, incorporated in the United Kingdom. CSC holds a 49% membership interest in CeleritiFinTech and a 51% membership interest in CeleritiFinTech Services.

As agreed in the formation agreement, during the third quarter of fiscal 2016 HCL contributed its first tranche of $6 million of capital contribution to these entities. The Company issued software licenses to these newly formed entities. These software licenses grant a perpetual right of use and require no royalty payments; the valuation reflects CSC’s current carrying value which will be amortized over three years. Our consolidated balance sheets included the following balances of these entities, as of April 1, 2016:

(Amounts in millions)	**As of April 1, 2016**
Cash and cash equivalents	$ 5
Software	8
Total Assets	$ 13
Accrued expenses	$ 7
Equity attributable to noncontrolling interest	$ 5
Equity attributable to the Company	9
Total Equity	$ 14
Total Liabilities and Equity	21

As of April 1, 2016, no assets have been pledged by the Company as collateral and there is no other exposure for the Company towards loss due to its involvement with CeleritiFinTech Limited and CeleritiFinTech Services Limited. The Company determined that it is the primary beneficiary of these entities, and as such, follows accounting treatment for variable interest entities that properly meet the criteria for consolidation. The operations of the subsidiaries have had an insignificant impact on CSC's Consolidated Financial Statements.

Note 22- Related Parties

J. Michael Lawrie currently serves as the Company's Chief Executive Officer and as a member of its Board of Directors. Since the Separation became effective on November 27, 2015, Mr. Lawrie also serves as Chairman of the Board of Directors of CSRA. Due to Mr. Lawrie's leadership positions at the Company and CSRA, CSRA is considered a related party under ASC 850 "Related Party Disclosures" for periods subsequent to the Separation.

Approximately $20 million related to certain computer hardware lease and commercial agreements with CSRA, which originated prior to the Separation, is included within receivables, net of allowance for doubtful accounts in the Consolidated Balance Sheet as of April 1, 2016. Accounts receivable attributed to lease agreements with CSRA will be collected over the term of the leases, which expire at various dates through fiscal 2021. Accounts receivable attributed to commercial agreements with CSRA are expected to be collected within 30 days of invoicing. Amounts due to CSRA from the Company were immaterial as of April 1, 2016.

Implementation of the Separation and CSC's post-Separation relationship with CSRA is governed by several agreements, pursuant to which the Company and CSRA transact business. Under these agreements, the Company recognized revenue of $35 million for services rendered to CSRA, including services under the IP matters agreement discussed in Note 4, which is included within Revenues in the Consolidated Statement of Operations for the fiscal year ended April 1, 2016. Expenses related to services received from CSRA were approximately $1 million for the fiscal year ended April 1, 2016.

See Note 4 for further discussion of the Separation and existing agreements between CSC and CSRA.

Other than what is disclosed above, as of April 1, 2016, the Company has not entered into or been a participant in any material transaction in which a related party had or will have a direct or indirect material interest.

Note 23 - Commitments and Contingencies

Commitments

The Company has operating leases for the use of certain real estate and equipment. Substantially all operating leases are non-cancelable or cancelable only through payment of penalties. Lease payments are typically based upon the period of the lease but may include payments for insurance, maintenance and property taxes. There are no purchase options on operating leases at favorable terms. Most real estate leases have one or more renewal options. Certain leases on real estate are subject to annual escalations for increases in utilities and property taxes. Lease rental expense amounted to $152 million, $139 million, and $194 million, for the years ended April 1, 2016, April 3, 2015, and March 28, 2014, respectively. In addition, the Company also has $18 million of sublease income to be received through fiscal 2021.

Minimum fixed rentals required for the next five years and thereafter under operating leases in effect at April 1, 2016, were as follows:

Fiscal Year (Amounts in millions)	Real Estate	Equipment
2017	$ 114	$ 27
2018	87	16
2019	73	7
2020	53	3
2021	19	1
Thereafter	54	—
	$ 400	$ 54

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 one to four 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 April 1, 2016 were $294 million for fiscal 2017, $177 million for fiscal 2018, $1 million for fiscal 2019, and less than $1 million thereafter.

In the normal course of business, the Company may provide certain clients with financial performance guarantees, which are generally backed by stand-by letters of credit or surety bonds. In general, the Company would only be liable for the amounts of these guarantees in the event that nonperformance by the Company permits termination of the related contract by the Company's client. As of April 1, 2016, the Company had $71 million of outstanding letters of credit and $19 million of surety bonds relating to these performance guarantees. 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. As of April 1, 2016, the Company had $48 million of outstanding stand-by letters of credit. Generally, such guarantees have a one-year term and are renewed annually.

The following table summarizes the expiration of the Company's financial guarantees and stand-by letters of credit outstanding as of April 1, 2016:

(Amounts in millions)	Fiscal 2017	Fiscal 2018	Fiscal 2019 and thereafter	Total
Surety bonds	$ 19	$ —	$ —	$ 19
Letters of credit	36	2	33	71
Stand-by letters of credit	31	—	17	48
Total	$ 86	$ 2	$ 50	$ 138

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), copyright, trademarks and trade secrets). CSC'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 costs, to modify or replace software in order to eliminate any infringement. Historically, CSC has not incurred any significant costs related to licensee software indemnification.

Contingencies

SEC Investigation

As previously disclosed, on January 28, 2011, the Company was notified by the Division of Enforcement of the SEC that it had commenced a formal civil investigation. That investigation covered a range of matters as previously disclosed by the Company, including certain of the Company's prior disclosures and accounting determinations. During the first quarter of fiscal 2016, the Company's previously agreed-upon settlement with the SEC was formally approved by the SEC and became effective on June 5, 2015. For additional information, see Note 2.

Unless otherwise noted, the Company is unable to develop a reasonable estimate of a possible loss or range of losses associated with the following contingent matters at this time.

Vincent Forcier v. Computer Sciences Corporation and The City of New York

On October 27, 2014, the United States District Court for the Southern District of New York unsealed a qui tam complaint that had been filed under seal over two years prior in a case entitled United States of America and State of New York ex rel. Vincent Forcier v. Computer Sciences Corporation and The City of New York, Case No. 1:12-cv-01750-DAB. The original complaint was brought by Vincent Forcier, a former employee of Computer Sciences Corporation, as a private party qui tam relator on behalf of the United States and the State of New York. The relator's amended complaint, dated November 15, 2012, which remained under seal until October 27, 2014, alleged civil violations of the federal False Claims Act, 31 U.S.C. § 3729 et seq., and New York State's False Claims Act, NY. Finance L, Art. 13, § 187 et seq., arising out of certain coding methods employed with respect to claims submitted by the Company to Medicaid for reimbursements as fiscal agent on behalf of its client, New York City's Early Intervention Program (EIP). EIP is a federal program promulgated by the Individuals with Disabilities in Education Act, 20 U.S.C. § 1401 et seq. (IDEA), that provides early intervention services for infants and toddlers who have, or are likely to have, developmental delays.

Prior to the unsealing of the complaint on October 27, 2014, the United States Attorney's Office for the Southern District of New York investigated the allegations in the qui tam relator's complaint. That investigation included requests for information to the Company concerning the Company's databases, software programs, and related documents regarding EIP claims submitted by the Company on behalf of New York City. The Company produced documents and information that the government requested and cooperated fully with the government's investigation regarding this matter at all times. In addition, the Company conducted its own investigation of the matter, and openly shared its findings and worked constructively with all parties to resolve the matter. At the conclusion of its investigation, the Company concluded that it had not violated the law in any respect.

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. The complaints allege that, from 2008 to 2012, the Company and New York City used the automatic defaulting capabilities of a computerized billing system that the Company developed for New York City's EIP in order to orchestrate a billing fraud against Medicaid, and failed to comply with Medicaid requirements regarding submission of claims to private insurance. The New York Attorney General's complaint also alleges that the Company failed to reimburse Medicaid in certain instances where insurance had paid a portion of the claim. The lawsuits seek damages under the federal False Claims Act, the New York False Claims Act and common law theories in an amount equal to three times the sum of an unspecified amount of damages the United States and New York State allegedly sustained, plus civil penalties together with attorneys' fees and costs. On January 26, 2015, the Company and the City of New York filed motions to dismiss Forcier's amended complaint and the federal and state complaints-in-intervention. On April 28, 2016, the Court issued a decision on the motions. The Court dismissed Forcier's amended complaint, some claims related to allegations of fraudulent defaulting practices, and the claims related to the alleged failure to reimburse Medicaid. The Court denied the motions to dismiss claims based on other allegations of fraudulent defaulting practices and the alleged noncompliance with Medicaid requirements to bill private insurance, as well as the claims seeking damages under the common law. The Company believes that the remaining allegations are without merit and intends to vigorously defend itself.

CSC v. Eric Pulier

On May 12, 2015, the Company and its wholly owned subsidiary, ServiceMesh Inc. (SMI), filed a civil complaint in the Court of Chancery of the State of Delaware against Eric Pulier (C.A. No. 11011-VCP). The Company acquired SMI on November 15, 2013. The purchase consideration included a cash payment at closing, as well as additional contingent consideration based on a contractually defined multiple of SMI's revenues during a specified period ending January 31, 2014 (the Earnout Payment), all as set forth in the purchase agreement governing the acquisition. Before the acquisition, Mr. Pulier was the chief executive officer, chairman and one of the largest equity holders of SMI. Following the acquisition, Mr. Pulier became employed by the Company, at which time he executed a retention agreement pursuant to which he received a grant of restricted stock units of the Company and agreed to be bound by the Company's rules and policies, including the Company's Code of Business Conduct.

In March 2015, the Company became aware of, and began its own investigation into the circumstances surrounding, the arrests of two former employees of the Commonwealth Bank of Australia Ltd. (CBA) in connection with payments allegedly received by them, either directly or indirectly, from Mr. Pulier. SMI and CBA had entered into several contracts with each other, including contracts that contributed to the Earnout Payment. In April 2015, the Company was contacted by the Australian Federal Police regarding the alleged payments. The Company is cooperating with and assisting the Australian and U.S. authorities in their investigations of the conduct of various individuals involved in SMI transactions during the earnout period.

The Company's and SMI's original complaint against Mr. Pulier asserted claims for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement, (iii) fraud, (iv) fraud by omission, (v) breach of his retention agreement, (vi) breach of the implied covenant of good faith and fair dealing in his retention agreement and (vii) breach of fiduciary duty.

Mr. Pulier filed a motion to dismiss the complaint on May 28, 2015, and an opening brief in support of such motion on July 7, 2015.

The Company and SMI filed a First Amended Complaint on August 6, 2015, adding as defendants TechAdvisors, LLC (TechAdvisors), an entity controlled by Mr. Pulier, and Shareholder Representative Services LLC (SRS). In addition to the claims asserted against Mr. Pulier, the First Amended Complaint asserted claims against TechAdvisors for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement and (iii) fraud. The amended complaint added claims against SRS in its capacity as attorney-in-fact and representative of Mr. Pulier and TechAdvisors for breach of their indemnification obligations in the purchase agreement.

Mr. Pulier, SRS, and TechAdvisors filed motions to dismiss the First Amended Complaint on August 20, August 31, and September 8, respectively.

On October 7, 2015, the Company filed its Second Amended Complaint against Mr. Pulier, TechAdvisors, and SRS. In addition to the claims asserted against Mr. Pulier, TechAdvisors, and SRS in the First Amended Complaint, the Second Amended Complaint asserts claims against SRS in its capacity as attorney-in-fact and representative of the former equityholders of ServiceMesh who are not current employees of CSC for breach of their indemnification obligations in the purchase agreement. The Second Amended Complaint seeks recovery of payments made to Mr. Pulier and TechAdvisors under the purchase agreement, the value of Mr. Pulier's vested restricted stock units of the Company granted to him under his retention agreement and the full amount of the Earnout Payment, which was approximately $98 million.

Defendants filed motions to dismiss the Second Amended Complaint on November 6, 2015.

On December 17, 2015, the Company entered into a settlement agreement with the majority of the former equityholders of ServiceMesh, as well as SRS acting in its capacity as the agent and attorney-in-fact for the settling equityholders. Pursuant to the settlement agreement, the Company received $16.5 million, which amount was equal to the settling equityholders' pro rata share of the funds remaining in escrow from the transaction, which was recorded as an offset to selling, general, and administrative costs in our Consolidated Statements of Operations for the fiscal year ended April 1, 2016. The Company also moved to dismiss its claims against the settling equityholders and SRS, in its representative capacity for those equityholders. The Court granted the motion to dismiss on January 11, 2016.

On April 29, 2016, the Court orally ruled on Defendants' motions to dismiss the Second Amended Complaint. It entered an Order granting the same relief on May 9, 2016. The Court largely denied Defendants' motions and will allow the majority of the Company's claims against Mr. Pulier, TechAdvisors, and SRS to proceed. The Court dismissed the Company's claim against Mr. Pulier for breach of the implied covenant of good faith and fair dealing in his retention agreement, one alternative factual basis for the Company's claims for breach of the purchase agreement and fraud, and another alternative factual basis for the Company's claim against Mr. Pulier for fraud.

On May 23, 2016, SRS filed its Answer to the Second Amended Complaint. On June 3, 2016, Mr. Pulier and TechAdvisors filed an Answer and Mr. Pulier filed a Counterclaim against the Company. Mr. Pulier asserts counter-claims for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement, (iii) fraud, (iv) negligent representation, (v) rescission of the purchase agreement and (vi) breach of his retention agreement.

Additionally, on February 17, 2016, Mr. Pulier filed a complaint against the Company and its subsidiary-CSC Agility Platform, Inc., formerly known as SMI-seeking advancement of his legal fees and costs in the case described above. The summary proceeding is in the Court of Chancery of the State of Delaware (C.A. No. 12005-CB). On May 12, 2016, the Court ruled that the Company is not liable to advance legal fees to Mr. Pulier because he was not an officer or director of the Company, but that its subsidiary-as the successor to SMI-is liable for advancing 80% of Mr. Pulier's fees in the underlying action. The Court entered an Order granting the same relief on May 27, 2016.

Strauch et al. Fair Labor Standards Act Class Action

On July 1, 2014, plaintiffs filed Strauch and Colby v. Computer Sciences Corporation in the U.S. District Court for the District of Connecticut, a putative nationwide class action alleging that CSC violated provisions of the Fair Labor Standards Act (FLSA) with respect to system administrators who worked for CSC at any time from June 1, 2011 to the present. Plaintiffs claim that CSC improperly classified its system administrators as exempt from the FLSA and that CSC therefore owes them overtime wages and associated relief available under the FLSA and various statutes, including the Connecticut Minimum Wage Act, the California Unfair Competition Law, California Labor Code, California Wage Order No. 4-2001, and the California Private Attorneys General Act. The relief sought by plaintiffs includes unpaid overtime compensation, liquidated damages, pre- and post-judgment interest, damages in the amount of twice the unpaid overtime wages due, and civil penalties.

CSC's position is that its system administrators have the job duties, responsibilities, and salaries of exempt employees and are properly classified as exempt from overtime compensation requirements. CSC's Motion to Transfer Venue was denied in February 2015.

On June 9, 2015, the Court entered an order granting the plaintiffs' motion for conditional certification of the class of system administrators. The Strauch putative class includes more than 4,000 system administrators. Courts typically undertake a two-stage review in determining whether a suit may proceed as a class action under the FLSA. In its order, the Court noted that, as a first step, the Court examines pleadings and affidavits, and if it finds that proposed class members are similarly situated, the class is conditionally certified. Potential class members are then notified and given an opportunity to opt-in to the action. The second step of the class certification analysis occurs upon completion of discovery. At that point, the Court will examine all evidence then in the record to determine whether there is a sufficient basis to conclude that the proposed class members are similarly situated. If it is determined that they are, the case will proceed to trial; if it is determined they are not, the class is decertified and only the individual claims of the purported class representatives proceed.

The Company's position in this litigation continues to be that the employees identified as belonging to the conditional class were paid in accordance with the FLSA.

Plaintiffs filed an amended complaint to add additional plaintiffs and allege violations under Missouri and North Carolina wage and hour laws. We do not believe these additional claims differ materially from those in the original complaint. On June 3, 2016, Plaintiffs filed a motion for Rule 23 class certification of California, Connecticut and North Carolina state-law classes.

In addition to the matters noted above, the Company is currently party to a number of disputes which involve or may involve litigation. The Company accrues a liability when management believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated under ASC 450. The Company believes it has appropriately recognized liabilities for any such matters. Regarding other matters that may involve actual or threatened disputes or litigation, the Company, in accordance with the applicable reporting requirements, provides disclosure of such matters for which the likelihood of material loss is at least reasonably possible. The Company assessed reasonably possible losses for all other such pending legal or other proceedings in the aggregate and concluded that the range of potential loss is not material.

The Company also considered the requirements regarding estimates used in the disclosure of contingencies under ASC Subtopic 275-10, *Risks and Uncertainties*. Based on that guidance, the Company determined that supplemental accrual and disclosure was not required for a change in estimate that involves contingencies because the Company determined that it was not reasonably possible that a change in estimate will occur in the near term. The Company reviews contingencies during each interim period and adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular matter.

Note 24 - Reconciliation of Previously Reported Amounts to Revised and Restated Financial Statements

As described in Note 1, the Company identified certain misstatements relating to prior years' Consolidated Financial Statements and corrected these prior period misstatements in the accompanying Consolidated Financial Statements. As described in Note 1 and Note 4, the Company adopted ASU 2015-17 and completed the Separation of CSRA and reclassified certain financial statement line items to discontinued operations. A reconciliation of the amounts previously reported on Form 10-K for fiscal 2015 to those as adjusted within the accompanying Consolidated Financial Statements is shown in the tables below for selected financial amounts (in millions):

	As of April 3, 2015				
Consolidated Balance Sheet	**As Previously Reported**	**Reclassification of Discontinued Operations**	**Retrospective Adoption of ASU 2015-17**	**Correction of Prior Period Misstatement[1]**	**As Adjusted**
Receivables, net of allowance for doubtful accounts	$ 2,369	$ (691)	$ —	$ 4	$ 1,682
Prepaid expenses and other current assets	$ 438	$ (93)	$ (53)		$ 292
Deferred income taxes, net	$ 375	$ (26)	$ 43	$ 4	$ 396
Total Assets	$ 10,201	$ 22	$ (10)	$ 8	$ 10,221
Income taxes payable and deferred income taxes	$ 62	$ (65)	$ 26	$ 2	$ 25
Long-term income tax liabilities and deferred income taxes	$ 412	$ 87	$ (36)	$ (10)	$ 453
Retained earnings	$ 912	$ —	$ —	$ 16	$ 928
Total Liabilities and Equity	$ 10,201	$ 22	$ (10)	$ 8	$ 10,221

	Twelve Months Ended April 3, 2015			
Consolidated Statement of Operations	**As Previously Reported**	**Reclassification of Discontinued Operations**	**Correction of Prior Period Misstatement[1]**	**As Adjusted**
Income (loss) from continuing operations, before taxes	$ (276)	$ (395)	$ —	$ (671)
Income tax (benefit) expense	$ (312)	$ (142)	$ (10)	$ (464)
Income (loss) from continuing operations	$ 36	$ (253)	$ 10	$ (207)
Income (loss) from discontinued operations	$ (29)	$ 253	$ —	$ 224
Net income	$ 7	$ —	$ 10	$ 17
Net income (loss) attributable to CSC common stockholders	$ (8)	$ —	$ 10	$ 2

Consolidated Statement of Changes in Equity	**Balance at March 30, 2013**
Beginning earnings retained for use in business, balance prior to adjustments	$ 1,101
Correction of Prior Period Misstatement[4]	6
Beginning earnings retained for use in business, as adjusted	$ 1,107

[1] *Reflects the correction of misstatements identified related to previously issued financial statements as described in Note 1.*

As a result of the correction of amounts reflected in the Consolidated Financial Statements, the Company has adjusted prior year amounts in Note 12 to reflect the impacts on the previously reported financial information

Note 25 - Subsequent Events

On May 5, 2016, the Company completed the previously announced acquisition of Xchanging plc (Xchanging) for total consideration of approximately $633 million. Xchanging provides technology-enabled business solutions to organizations in global insurance and financial services, healthcare, real estate and the public sector. Xchanging is a component of both the Company's GBS and GIS segments.

On May 23, 2016, CSC agreed to acquire Aspediens. Aspediens is a provider of technology-enabled solutions for the service-management sector and a preferred partner of ServiceNow. With headquarters in Switzerland, Aspediens has operations in Germany, France and Spain. Aspediens will join the CSC ServiceNow practice within Fruition Partners, a CSC company and ServiceNow platform that also includes UXC Keystone, Australia’s ServiceNow practice within UXC, a CSC company.

On May 24, 2016 CSC announced that its Board of Directors has unanimously approved entering into an agreement to merge the company with the Enterprise Services segment of Hewlett Packard Enterprise (HPE) other than certain excluded portions. The merger is expected to be completed by the end of March 2017, subject to shareholder and regulatory reviews and approvals. Following the transaction, CSC and HPE shareholders each will own approximately 50 percent of the new company’s shares. The transaction is intended to be tax-free to CSC and HPE and their respective shareholders for federal income tax purposes.

Selected Quarterly Financial Data (Unaudited)

	Fiscal 2016			
(Amounts in millions, except per-share amounts)	1st Quarter[2], [5]	2nd Quarter[2], [5]	3rd Quarter[5]	4th Quarter
Revenues	$ 1,804	$ 1,745	$ 1,750	$ 1,807
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 1,272	$ 1,237	$ 1,216	$ 1,460
Gross profit	$ 532	$ 508	$ 534	$ 347
Restructuring costs	$ —	$ 5	$ 7	$ 11
Debt extinguishment costs[4]	$ —	$ —	$ —	$ 95
Income (loss) from continuing operations before taxes	$ 72	$ 47	$ 78	$ (187)
Income (loss) from continuing operations, net of taxes	$ 51	$ 92	$ 17	$ (88)
Income (loss) from discontinued operations, net of taxes	$ 102	$ 84	$ 30	$ (25)
Net income (loss) attributable to CSC common shareholders	$ 149	$ 170	$ 45	$ (113)
Earnings (loss) per common share continuing operations[1]				
Basic				
Income (loss) from continuing operations	$ 0.37	$ 0.67	$ 0.12	$ (0.64)
Income (loss) from discontinued operations	$ 0.71	$ 0.56	$ 0.20	$ (0.18)
Diluted				
Income (loss) from continuing operations	$ 0.36	$ 0.66	$ 0.12	$ (0.64)
Income (loss) from discontinued operations	$ 0.69	$ 0.55	$ 0.20	$ (0.18)
Cash dividend per common share	$ 0.23	$ 0.23	$ 2.39	$ 0.14

	Fiscal 2015[2]			
(Amounts in millions, except per-share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter[5]
Revenues	$ 2,219	$ 2,039	$ 1,949	$ 1,910
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 1,567	$ 1,402	$ 1,572	$ 1,618
Gross profit	$ 652	$ 637	$ 377	$ 292
Selling, general, and administrative - SEC settlement related charges[3]	$ —	$ —	$ 195	$ 2
Restructuring costs	$ 10	$ (7)	$ 12	$ 241
Income (loss) from continuing operations before taxes	$ 61	$ 82	$ (386)	$ (428)
Income (loss) from continuing operations, net of taxes	$ 49	$ 59	$ (194)	$ (121)
Income (loss) from discontinued operations, net of taxes	$ 102	$ 97	$ (119)	$ 144
Net income (loss) attributable to CSC common shareholders	$ 146	$ 151	$ (314)	$ 19
Earnings (loss) per common share continuing operations[1]				
Basic				
Income (loss) from continuing operations	$ 0.33	$ 0.41	$ (1.38)	$ (0.86)
Income (loss) from discontinued operations	$ 0.67	$ 0.64	$ (0.85)	$ 0.99
Diluted				
Income (loss) from continuing operations	$ 0.33	$ 0.41	$ (1.38)	$ (0.86)
Income (loss) from discontinued operations	$ 0.65	$ 0.63	$ (0.85)	$ 0.99
Cash dividend per common share	$ 0.23	$ 0.23	$ 0.23	$ 0.23

[1] *Quarterly EPS amounts may not total to the full-year EPS. EPS is calculated based on weighted average shares outstanding for the period. Quarterly weighted average shares may not equal the full-year weighted average shares for the fiscal year.*

[2] *Amounts for the first two quarters of fiscal 2016 and all quarters of fiscal 2015 have been adjusted to present discontinued operations for the divestiture of the Company's NPS segment in the third quarter of fiscal 2016 (see Note 4).*

[3] *These amounts are related to the settlement of the SEC investigation in the third quarter of fiscal 2015 (see Note 2).*

[4] *This amount is related to the fourth quarter fiscal 2016 redemption of all outstanding 6.50% term notes due March 2018 (see Note 13).*

[5] *Amounts have been restated for correction of certain errors in previously issued financial statements related to income tax (benefit) expense (see Notes 1 and 24).*

COMPUTER SCIENCES CORPORATION AND SUBSIDIARIES

SCHEDULE II, VALUATION AND QUALIFYING ACCOUNTS

(Amounts in millions)	Balance, beginning of period	Additions charged to cost and expenses	Deductions[1]	Other[2]	Balance, end of period
Allowance for doubtful receivables					
For the year ended April 1, 2016:	$ 26	$ 6	$ (3)	$ 2	$ 31
For the year ended April 3, 2015:	$ 32	$ 2	$ (4)	$ (4)	$ 26
For the year ended March 28, 2014:	$ 34	$ 1	$ (1)	$ (2)	$ 32

[1] *Represents write-offs and recoveries of prior year charges.*
[2] *Includes balances from acquisitions and changes in foreign currency exchange rates.*

Schedules other than those listed above have been omitted since they are either not required, are not applicable, or the required information is shown in the Consolidated Financial Statements or related notes.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

“Disclosure controls and procedures” are the controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. “Disclosure controls and procedures” include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its Exchange Act reports is accumulated and communicated to the issuer’s management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Under the direction of the Company’s Chief Executive Officer and Chief Financial Officer, the Company has evaluated its disclosure controls and procedures as of April 1, 2016 to ensure (i) that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were not effective as of April 1, 2016 because of the material weakness described below, in Management’s Report on Internal Control over Financial Reporting. Notwithstanding the material weakness described below, management has concluded that the Company’s consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are fairly stated in all material respects in accordance with generally accepted accounting principles in the United States of America for each of the periods presented herein.

Management's Report on Internal Control over Financial Reporting

The management of Computer Sciences Corporation (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and receipts and expenditures are being made only in accordance with authorization of management and the directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements. All internal controls, no matter how well designed, have inherent limitations. Therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of April 1, 2016. Management determined the Company did not maintain effective controls over the accounting, presentation and disclosure for income taxes, including the income tax provision and related tax assets and liabilities. In particular:

- Tax analyses were prepared late in the closing process, in part due to changes in information flows related to the implementation of our new financial system
- Turnover late in the year in the tax function resulted in ineffective reviews which did not detect certain errors

These control deficiencies could result in misstatements of the aforementioned financial statement accounts and disclosures. Accordingly, management has determined that these control deficiencies constitute a material weakness.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company is committed to maintaining a strong internal control environment and intends to remediate the material weakness in accounting for income tax.

Management excluded from its assessment the internal control over financial reporting at UXC acquired on February 26, 2016 and at Axon acquired on December 11, 2015 whose combined financial statements constitute 5% of total assets and 1% of revenues of the consolidated financial statement amounts as of and for the year ended April 1, 2016. In making the assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013).

The Company's internal control over financial reporting as of April 1, 2016, has been audited by the Company's independent registered public accounting firm, as stated in their report appearing on page 136.

Date: June 14, 2016

Changes in Internal Controls Over Financial Reporting

There were no changes in internal controls during the quarter ended April 1, 2016 which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

During the fiscal quarter ended January 1, 2016, the Company implemented a new financial system, which handles the business and financial processes within CSC’s Americas operations and its corporate and administrative functions. The Company will continue to monitor and test this system as part of management's annual evaluation of internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Computer Sciences Corporation
Tysons, Virginia

We have audited the internal control over financial reporting of Computer Sciences Corporation and subsidiaries (the "Company") as of April 1, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management’s Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over the financial reporting at UXC and Axon, which were acquired on February 26, 2016, and December 11, 2015, respectively, and whose financial statements collectively constitute 5% of total assets and 1% of revenues of the consolidated financial statement amounts as of and for the year ended April 1, 2016. Accordingly, our audit did not include the internal control over financial reporting at UXC and Axon. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment: the Company did not maintain effective controls over the accounting, presentation, and disclosure of the Company’s accounting for income taxes, including the income tax provision and related tax assets and liabilities as of April 1, 2016. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended April 1, 2016, of the Company and this report does not affect our report on such financial statements and financial statement schedule.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of April 1, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the fiscal year ended April 1, 2016 of the Company and our report dated June 14, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

McLean, Virginia
June 14, 2016

Item 9B. Other Information

None.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K and is incorporated herein by reference to the definitive proxy statement with respect to our 2016 Annual Meeting of Stockholders (the “Proxy Statement”), which we will file with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report.

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding executive officers of the Company is included in Part I, Item 1 of this Annual Report on Form 10-K under the caption “Executive Officers of the Registrant.” Other information required by this Item will appear in the Proxy Statement under the headings “Proposal 1-Election of Directors”, "Additional Information-Section 16(a) Beneficial Ownership Reporting Compliance", “Corporate Governance”, and “Additional Information-Business for 2016 Annual Meeting,” which sections are incorporated herein by reference.

Information about the Code of Business Conduct governing our Chief Executive Officer and Chief Financial Officer can be found on our website, www.csc.com, under the Investor Relations - Corporate Governance tab.

The Company intends to disclose required information regarding any amendment to or waiver under the Code of Business Conduct referred to above by posting such information on our website within four business days after any such amendment or waiver.

Item 11. Executive Compensation

Information required by this Item will appear in the Proxy Statement under the headings “Executive Compensation” and “Corporate Governance,” which sections are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table gives information about our common stock that may be issued under our equity compensation plans as of April 1, 2016. See Note 16 of the Notes to the Consolidated Financial Statements included herein for information regarding the material features of these plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	9,053,666	$ 24.83	10,421,376 [1]
Equity compensation plans not approved by security holders	—	—	—
Total	9,053,666		10,421,376

[1] *Includes 3,000 shares available for future issuance under the 2006 Non-Employee Director Incentive Plan. This plan permits shares to be issued pursuant to stock options, restricted stock, and RSUs. Includes 121,936 shares available for future issuance under the 2010 Non-Employee Director Incentive Plan. This plan permits shares to be issued pursuant to RSUs and restricted stock.*

Includes 2,073,268 shares available for future issuance under the 2007 Incentive Plan. This plan permits shares to be issued pursuant to stock options, restricted stock or RSUs, or pursuant to performance awards payable in shares of CSC stock, restricted stock, RSUs or any combination of the foregoing. Of the shares available for issuance under the 2007 plan, 2,073,268 shares are available for future grant as stock options with each option granted counted as one share against the available shares under such plan or assuming no options are granted, 1,036,634 shares are available for future awards of restricted stock or RSUs, after giving effect to the requirement set forth in the 2007 plan that a grant of one share of restricted stock or one RSU be counted as two shares against the available shares under such plan.

Includes 8,223,712 shares available for future granting under the 2011 Omnibus Incentive Plan. This plan permits shares to be issued pursuant to stock options, restricted stock or RSUs, or pursuant to performance awards payable in shares of CSC stock, restricted stock, RSUs or any combination of the foregoing. Of the shares available for issuance under the 2011 Omnibus Incentive Plan, 8,223,712 shares are available for future grant as stock options with each option granted counted as one share against the available shares under such plan or assuming no options are granted, 4,111,856 shares are available for future awards of restricted stock or RSUs, after giving effect to the requirement set forth in the 2011 Omnibus Incentive Plan that a grant of one share of restricted stock or one RSU be counted as two shares against the available shares under such plan.

Other information required by this Item will appear in the Proxy Statement under the heading “Stock Ownership,” which section is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item will appear in the Proxy Statement under the heading “Corporate Governance,” which section is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this Item will appear in the Proxy Statement under the heading “Proposal 3-Ratification of Independent Auditors-Fees,” which section is incorporated herein by reference.

Item 15. Exhibits, Financial Schedules

(1) and (2) Consolidated Financial Statements and Financial Statement Schedule

These documents are included in Item 8 of this Annual Report on Form 10-K. See the index on page 52.

(3) Exhibits

Exhibits are filed with this report or incorporated by reference to other filings listed below.

Exhibit Number	Description of Exhibit
2.1	Scheme Implementation Agreement by and among Computer Sciences Corporation, CSC Computer Sciences Australia Holdings Pty Limited, and iSOFT Group Limited (incorporated by reference to Exhibit 2 to the Company's Current Report on Form 8-K (filed on April 5, 2011) (file number 11739300))
2.2	Agreement and Plan of Merger, dated August 31, 2015, by and among the Company, Computer Sciences Government Services Inc., Star First Merger Sub Inc., Star Second Merger Sub LLC, SRA Companies, Inc., SRA International, Inc. and Enumerated SRA Stockholders (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K (filed September 4, 2015) (file number 151094588))
2.3	Rule 2.7 Announcement, dated December 9, 2015 (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K (filed on December 9, 2015) (file no. 151277503))
2.4	Co-operation Agreement, dated as of December 9, 2015, between CSC Computer Sciences International Operations Limited and Xchanging plc. (incorporated by reference to Exhibit 2.2 to the Company’s Current Report on Form 8-K (filed on December 9, 2015)(file no. 151277503))
3.1	Amended and Restated Articles of Incorporation filed with the Nevada Secretary of State on August 9, 2010 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2010 (filed August 11, 2010) (file number 101007138))
3.2	Amended and Restated Bylaws, as amended November 27, 2015 (filed herewith)
4.1	Indenture dated as of March 3, 2008, for the 5.50% senior notes due 2013 and the 6.50% senior notes due 2018 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (filed September 15, 2008) (file number 081071955))
4.2	Indenture dated as of September 18, 2012, for the 2.500% senior notes due 2015 and the 4.450% senior notes due 2022 by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file number 121100352))
4.3	First Supplemental Indenture dated as of September 18, 2012, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, and attaching a specimen form of the 2.500% Senior Notes due 2015 and the 4.450% Senior Notes due 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file number 121100352))
4.4	4.450% Senior Note due 2022 (in global form), dated September 18, 2012, among the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file number 121100352))
10.1	Credit Agreement, dated as of October 11, 2013, among the Company, certain subsidiaries of the Company from time to time party thereto, the financial institutions listed therein, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed October 17, 2013) (file number 001-04850))
10.2	Asset Purchase Agreement, dated as of December 1, 2012, by and among Computer Sciences Corporation, CSC Credit Services, Inc., Equifax Inc. and Equifax Information Services LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed December 3, 2012) (file number 121236237))
10.3	Term Loan Agreement, dated as of September 18 , 2012, by and between the Company, the financial institutions named therein, as lenders, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K) (filed September 19, 2012) (file number 121100352)
10.4	Master Loan and Security Agreement, dated as of May 28, 2014, among CSC Asset Funding I LLC, as Borrower, Computer Sciences Corporation, as Guarantor, Bank of America Leasing & Capital, LLC as Lender and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed May 30, 2014) (file number 14878500))
10.5	Master Accounts Receivable Purchase Agreement, dated as of April 21, 2015, by and between the Company, as seller, and The Royal Bank of Scotland PLC, as purchaser (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed April 27, 2015) (file number 15795683))
10.6	1998 Stock Incentive Plan(1) (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 1998) (filed August 14, 1998) (file number 98687059)
10.7	2001 Stock Incentive Plan(1) (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2001) (filed June 29, 2001) (file number 1672145)
10.8	2004 Incentive Plan(1) (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 9, 2004) (filed June 30, 2004) (file number 04890067)
10.9	2007 Employee Incentive Plan(1) (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on July 30, 2007) (filed June 29, 2007) (file number 07948632)
10.10	2011 Omnibus Incentive Plan(1), as amended and restated effective May 14, 2013 (incorporated by reference to Appendix C to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2013) (filed June 28, 2013) (file number 13940391)
10.11	Form of Award Agreement for Employees(1) (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)
10.12	Form of Stock Option Agreement for Employees(1) (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)

10.13	Form of Stock Option Award Agreement under the 2004 Incentive Plan(1) (incorporated by reference to Exhibit 10.7 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.14	Form of International Stock Option Agreement for Employees(1) (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)
10.15	Form Stock Option Schedule for United Kingdom Employees under the 2001 Employee Incentive Plan(1) (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file number 111024699)
10.16	Form of Restricted Stock Agreements for Employees(1) (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2005) (filed August 5, 2005) (file number 051002523)
10.17	Form of Service Based Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)
10.18	Form of Performance Based Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)
10.19	Form of Performance Based Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan(1) (incorporated by reference to Exhibit 10.4 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.20	Form of Career Shares Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file number 11585668)
10.21	Form of Career Shares Restricted Stock Unit Award Agreement with J. Michael Lawrie(1) (incorporated by reference to Exhibit 10.2 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.22	Form of Career Shares Restricted Stock Unit Award Agreement with Paul N. Saleh(1) (incorporated by reference to Exhibit 10.3 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.23	Form of Career Shares Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan(1) (incorporated by reference to Exhibit 10.5 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.24	Form of Career Shares Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan(1) (incorporated by reference to Exhibit 10.6 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.25	Form of International Service Based Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file number 111024699)
10.26	Form of International Performance Based Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file number 111024699)
10.27	Form of International Career Shares Restricted Stock Unit Agreement for Employees(1) (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) filed August 10, 2011) (file number 111024699)
10.28	Form of Senior Management and Key Employee Severance Agreement, as amended and restated effective May 20, 2009 (1) (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 2009) (filed May 29, 2009) (file number 09858607)
10.29	Supplemental Executive Retirement Plan, amended and restated effective December 3, 2007(1) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K) (filed December 4, 2007) (file number 071283050)
10.30	First Amendment to Supplemental Executive Retirement Plan(1) (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2013) (filed October 31 , 2013) (file number 131180353)
10.31	Supplemental Executive Retirement Plan No. 2, effective December 3, 2007(1) (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K) (filed December 4, 2007) (file number 071283050)
10.32	First Amendment to the Supplemental Executive Retirement Plan No. 2(1) (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2013) (filed October 31, 2013) (file number 131180353)
10.33	Excess Plan, effective December 3, 2007(1) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K) (filed December 4, 2007) (file number 071283050)
10.34	First Amendment to the Excess Plan(1) (incorporated by reference to Exhibit 10.5 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2013) (filed October 31, 2013) (file number 131180353)
10.35	Employment Agreement, dated February 7, 2012, between the Company and J. Michael Lawrie(1) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 7, 2012) (filed February 8, 2012) (file number 12581529)
10.36	Service Based Inducement Restricted Stock Unit Award Agreement, dated April 16, 2012, between the Company and J. Michael Lawrie(1) (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2012) (filed May 29, 2012) (file number 12874585)

10.37	Fiscal Year 2013 CEO Stock Option Award Agreement, dated April 16, 2012, between the Company and J. Michael Lawrie (1) (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2012) (filed May 29, 2012) (file number 12874585)
10.38	Fiscal Year 2014 CEO Stock Option Award Agreement, dated May 20, 2013, between the Company and J. Michael Lawrie (1) (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file number 131014660)
10.39	Service Based Inducement Restricted Stock Unit Award Agreement, dated June 15, 2012, between the Company and Paul N. Saleh(1) (incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file number 121016715)
10.40	Form of Performance Based Restricted Stock Unit Award Agreement for Employees(1) (incorporated by reference to Exhibit 10.26 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file number 121016715)
10.41	Form of International Performance Based Restricted Stock Unit Award Agreement for Employees(1) (incorporated by reference to Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file number 121016715)
10.42	Deferred Compensation Plan, amended and restated effective December 31, 2012(1) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 28, 2012) (filed February 6, 2013) (file number 13575189)
10.43	First Amendment to Deferred Compensation Plan(1) (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2014) (filed May 22, 2014) (file number 14864318)
10.44	Severance Plan for Senior Management and Key Employees, amended and restated effective October 28, 2007(1) (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K) (filed November 1, 2007) (file number 071207160)
10.45	First Amendment to the Severance Plan for Senior Management and Key Employees(1) (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2013) (filed October 31, 2013) (file number 131180353)
10.46	Form of Indemnification Agreement for officers and directors(1) (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 18, 2010) (filed February 22, 2010) (file number 10622679)
10.47	2010 Non-Employee Director Stock Incentive Plan(1), as amended and restated effective May 24, 2013 (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2013) (filed June 28, 2013) (file number 13940391)
10.48	1997 Nonemployee Director Stock Incentive Plan(1) (incorporated by reference to Appendix A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 11, 1997) (filed July 2, 1997) (file number 97635310)
10.49	2006 Nonemployee Director Incentive Plan(1) (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on July 31, 2006) (filed June 22, 2006) (file number 06918523)
10.50	Form of Restricted Stock Unit Agreement for directors(1) (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2005) (filed August 5, 2005) (file number 051002523)
10.51	Form of Amendment to Restricted Stock Unit Agreement for directors (1) (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated December 5, 2005) (filed December 6, 2005) (file number 051246311)
10.52	Form of Restricted Stock Unit Agreement for directors pursuant to the 2010 Non-Employee Director Incentive Plan(1) (incorporated by reference to Exhibit 10.32 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file number 111024699)
10.53	Form of Performance Stock Unit Agreement with Mr. J. Michael Lawrie(1) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2014 (filed August 12, 2014) (file number 141034640))
10.54	Service Based Restricted Stock Unit Award Agreement, dated August 15, 2014, between the Company and Ashish Mahadwar(1)(incorporated by reference to Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 2015 (filed June 8, 2015) (file number 15917656))
10.55	Dealer Agreement, dated July 24, 2015, by and between the CSC Capital Funding Limited, as issuer, the Company, as guarantor, Citibank International Limited, as arranger, and the financial institutions listed therein, as dealers (incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K (filed July 28, 2015) (file number 151010497))
10.56	Second Amended and Restated Master Accounts Receivable Purchase Agreement, dated as of October 1, 2015, by and among the Company and CSC Government Solutions LLC, as Sellers, the Purchasers party thereto, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2015 (filed November 10, 2015) (file number 151219878))
10.57	Amended and Restated Guaranty, dated August 20, 2015, by the Company, in favor of The Bank of Tokyo-Mitsubishi UFJ, LTD., New York Branch, as Guaranteed Party, for the benefit of the Purchasers as defined therein (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2015 (filed November 10, 2015) (file number 151219878))
10.58	Guaranty, dated October 1, 2015, by Computer Sciences Government Services Inc., as Guarantor, in favor of The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch, as Guaranteed Party, for the benefit of the Purchasers as defined therein (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2015 (filed November 10, 2015) (file number 151219878))
10.60	The Master Separation and Distribution Agreement and Ancillary Agreements, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 2.1 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file number 151265316))
10.61	Tax Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.1 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file number 151265316))

10.62	Employee Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.2 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file number 151265316))
10.63	Real Estate Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.3 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file number 151265316))
10.64	Intellectual Property Matters Agreement, dated as of November 27, 2015 between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.4 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file number 151265316))
10.65	Credit Agreement, dated as of December 16, 2015, by and among CSC Computer Sciences UK Holdings Limited, as Borrower, the Company, as the Company, the lenders from time to time party thereto, as Lenders, Lloyds Bank PLC, as Administrative Agent, Lloyds Bank PLC and The Bank of Tokyo-Mitsubishi UFJ, LTD., as Joint Lead Arrangers, and Mizuho Bank, LTD., as Arranger (incorporated by reference to Exhibit 10.1 to the Company's Current Report of Form 8-K (filed on December 22, 2015)(file number 151303559))
10.66	Consent #3 Regarding Master Loan and Security Agreement, dated as of December 29, 2015, by and among CSC Asset Funding I LLC, as borrower, the Company, as guarantor, Banc of America Leasing & Capital, LLC, as lender, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K (filed January 5, 2016) (file number 161323329))
10.67	Termination of Guaranty, dated as of December 28, 2015, by and among the CSC Government Solutions LLC, as seller and seller representative, the Company as seller and guarantor, CSRA Inc., as guarantor, the Purchasers party thereto, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch as administrative agent (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file number 161425474))
10.68	Performance-Based Retention Award Agreement, dated December 15, 2015, between the Company and J. Michael Lawrie (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file number 161425474))
10.69	Performance-Based Retention Award Agreement, dated December 15, 2015, between the Company and Paul N. Saleh (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file number 161425474))
10.70	Form of Performance-Based Retention Award Agreement, dated December 15, 2015 (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file number 161425474))
10.71	Amendment Agreement to Credit Agreement dated December 18, 2013, dated as of December 16, 2015, by and among Computer Sciences Holdings (UK) Ltd., as borrower, the Company, as guarantor, and Lloyds Bank plc, as lender and agent (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file number 161425474))
10.72	Term Loan Credit Agreement, dated March 21, 2016, by and among the Company, the financial institutions listed on Schedule I, and Bank of America, N.A. as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K (filed March 22, 2016) (file number 161521488))
10.73	Amended and Restated Master Loan and Security, dated April 4, 2016, by and among Bank of America, N.A., as Agent, Banc of America Leasing & Capital, LLC, as Lender, and CSC Asset Funding I LLC, as Borrower, and the Company, as Guarantor (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K (filed April 7, 2016) (file number 161560550))
10.74	Agreement and Plan of Merger, dated May 24, 2016, among Hewlett Packard Enterprise Company, Everett SpinCo, Inc., the 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 number 161676471))
10.75	Separation and Distribution Agreement, dated May 24, 2016, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (incorporated by reference to Exhibit 2.2 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed May 26, 2016) (file number 161676471))
10.76	Incremental Assumption Agreement, dated April 1, 2016, by and among Sumitomo Mitsui Banking Corporation, as Incremental Lender, Bank of America, N.A., as Agent, and the Company (filed herewith)
12.1	Calculation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preference Dividends
18.1	Preferability Letter on Change in Accounting Principle (incorporated by reference to Exhibit 18.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2014 (filed August 12, 2014) (file number 141034640))
21	Significant Active Subsidiaries and Affiliates of the Registrant
23	Consent of Independent Registered Public Accounting Firm
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
99.1	Revised Financial Information Disclosure as a result of the Company's restructuring (incorporated by reference to Exhibits 99.01, 99.02 and 99.03 to the Company's Current Report on Form 8-K) (filed December 16, 2008) (file number 081252513)
99.2	Revised Financial Information Disclosure as a result of the Company's fiscal 2014 divestitures and change in reportable segments (incorporated by reference to Exhibits 99.1 and 99.2 to the Company's Current Report on Form 8-K) (filed February 7, 2014) (file number 14584785)

101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

(1) Management contract or compensatory plan or agreement

SIGNATURES [OPEN]

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

Dated:	June 14, 2016	By:	/s/ Paul N. Saleh
		Name:	**Paul N. Saleh**
		Title:	**Executive Vice President and Chief Financial Officer** **Principal Financial Officer and Principal Accounting Officer**

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ J. Michael Lawrie **J. Michael Lawrie**	Chairman, President and Chief Executive Officer (Principal Executive Officer)	June 14, 2016
/s/ Paul N. Saleh **Paul N. Saleh**	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 14, 2016
/s/ Mukesh Aghi **Mukesh Aghi**	Director	June 14, 2016
/s/ Herman E. Bulls **Herman E. Bulls**	Director	June 14, 2016
/s/ Bruce B. Churchill **Bruce B. Churchill**	Director	June 14, 2016
/s/ Mark Foster **Mark Foster**	Director	June 14, 2016
/s/ Sachin Lawande **Sachin Lawande**	Director	June 14, 2016
/s/ Brian P. MacDonald **Brian P. MacDonald**	Director	June 14, 2016
/s/ Peter Rutland **Peter Rutland**	Director	June 14, 2016
/s/ Robert F. Woods **Robert F. Woods**	Director	June 14, 2016

Regional CSC Headquarters

The Americas
1775 Tysons Boulevard
Tysons, VA 22102
United States

Asia, Middle East, Africa
Level 9, UE BizHub East
6 Changi Business Park Avenue 1
Singapore 468017
Republic of Singapore
+65.6809.9000

Australia
26 Talavera Road
Macquarie Park, NSW 2113
Australia
+61(2)9034.3000

Central and Eastern Europe
Abraham-Lincoln-Park 1
65189 Wiesbaden
Germany
+49.611.1420

Nordic and Baltic Region
Retortvej 8
DK-2500 Valby
Denmark
+45.36.14.4000

South and West Europe
Tour Carpe Diem
31 place des Corolles
CS 40075
92098 Paris La Défense Cedex
France
+33.1.55.707070

UK, Ireland and Netherlands
Floor 4
One Pancras Square
London
N1C 4AG
United Kingdom
+44.20.3696.3000

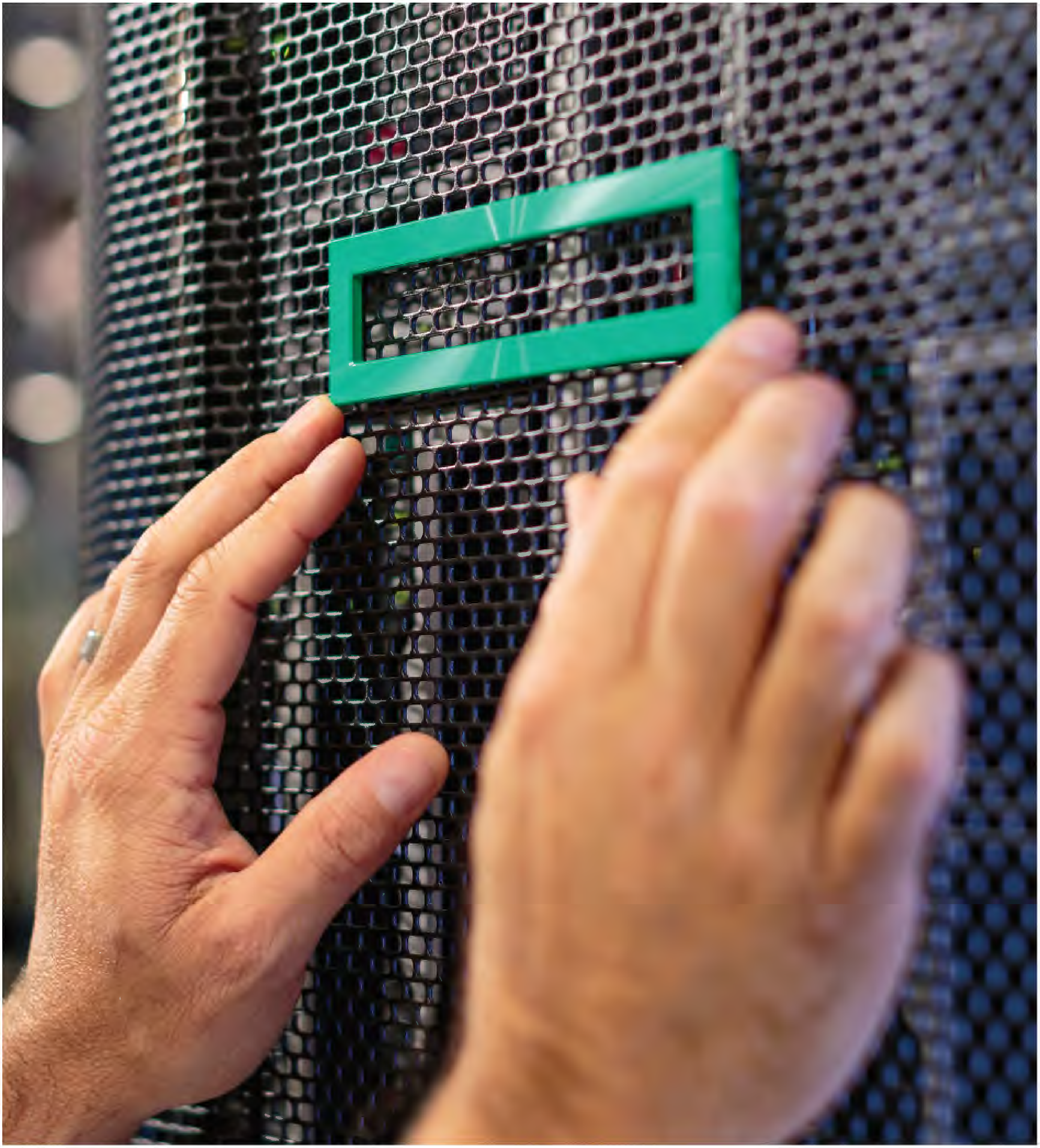
About CSC

CSC (NYSE: CSC) leads clients on their digital transformation journeys. The company provides innovative next-generation technology services and solutions that leverage deep industry expertise, global scale, technology independence and an extensive partner community. CSC serves leading commercial and international public sector organizations throughout the world. CSC is a Fortune 500 company and ranked among the best corporate citizens. For more information, visit the company's website at **www.csc.com**.

© 2016 Computer Sciences Corporation. All rights reserved. MD_8881a-17 06/2016

Hewlett Packard
Enterprise

Proxy Statement
2016 Annual Report



Hewlett Packard
Enterprise

Proxy Statement
2016 Annual Report

Dear Stockholders,

Our first year as the new Hewlett Packard Enterprise has come to a close, and I could not be more proud of how far we've come. Following our historic separation, we launched HPE to deliver significant value to our stockholders, customers, partners, and employees. We positioned ourselves to be more focused and agile—better able to compete and win in our markets.

And our success in Fiscal Year 2016 is proof that we're on the right course.

With growth across key areas of the portfolio including high-performance compute, Cloudline servers, all-flash storage, converged systems, mission critical systems, and networking with Aruba, HPE's revenue increased two percent year-over-year when adjusted for divestitures and currency to $50.1 billion. We delivered FY16 non-GAAP EPS of $1.92, at the high end of our original outlook for the year, and we delivered free cash flow of $2.1 billion, above our most recent guided range of $1.7 to $1.9 billion. We were able to return over $3 billion of cash to stockholders throughout the year, and still end the year with an operating company net cash position of $7.6 billion—the highest since I've been with the company. What's more, our stock was up over 50 percent since its launch in November of 2015.

We've added powerful new partnerships into our ecosystem like Docker, Mesophere, Chef, and Microsoft Azure. We are reaching new heights of innovation with products like HPE Synergy, Edgeline IoT Systems, and the HC380. We acquired SGI, extending our leadership in high-growth big data analytics and high-performance computing. We also made some smart moves during the year to position HPE for long-term success, including selling 51 percent of our China business to Tsinghua Holdings Subsidiary. We are pushing investment and innovation on a global scale, and will continue to do so going forward.

As an independent company, HPE today has the ability to better respond to the constantly evolving marketplace while generating long-term value for stockholders. The leadership team can dive more deeply into the products, has more time to spend with customers and partners, and can confidently develop our strategy. From an innovation perspective, we can be much more targeted in the investments we make. The results of all this focus are reflected in our performance.

Our innovation extends to the way we think about our impact on society. HPE's Living Progress commitment is to improve lives, protect the environment, and strengthen the economy. Business cannot succeed in a society that fails. As such, we have committed to sourcing 100 percent of the electrical energy that powers our operations from renewable sources and more importantly, we have a goal to increase our product efficiency by 30x by 2025[1]. And, our employees remain one of HPE's greatest strengths, as they engage with Foundation-led programs like Matter to a Million and HPE Gives.

As our achievements this year have shown, we have an exciting journey ahead. We believe more than ever that finding the right mix of technology tools, systems, and support is critical to our customers' success today and in the future. That's why HPE is leading the way in developing innovations in high-performance compute, Hybrid IT, and the Intelligent Edge.

[1] Performance will be measured per watt of electricity across high volume server products using industry standard test methods. This performance is projected to reduce the carbon emissions per operation by over 95 percent.

Core Beliefs
We're living in a world where everything computes. As a result, workloads are evolving, the amount of data surrounding us is expanding exponentially, and mobility is becoming a priority across industries. As we embraced these changes in the market, HPE formed three core beliefs:

- **The world will be hybrid.** Applications will reside in the environment that best suits their needs. We know some of our customers' applications will stay locked in a data center, untouched by anyone but their own employees. Other applications will live in an on-premise private cloud, which provides the economics of public cloud and the control and customization capabilities that our customers want. And some applications will be in a managed environment, while still others will live in a public cloud. The challenge for our customers is to make all of these environments work together seamlessly.

- **The Intelligent Edge is going to unleash an industrial Internet of Things (IoT) revolution.** Everything will be connected, producing unprecedented amounts of data that will have an enormous impact on every industry—from manufacturing and transportation to healthcare and energy. Shifting intelligence away from the data center and to the points where our world converges will unlock extraordinary business potential in terms of innovation, efficiency and competitiveness.

- **Services are going to be even more critical.** Customers are looking for solutions to capitalize on these emerging market trends, and the expertise to make them a reality.

Positioned to Win
We will complete the spin-off and merger of our Enterprise Services business with CSC at the end of March, creating the world's second-largest IT services company, which will be majority-owned by our stockholders. We will also complete the spin-off and merger of our software business unit with Micro Focus at the end of August. This will establish one of the world's largest pure-play software companies, which will also be majority-owned by our stockholders, and we look forward to partnering with them in the future. These two transactions, coupled with other strategic M&A decisions like selling our majority stake in Mphasis, will certainly further our progress.

The resulting HPE after these strategic transactions will be the industry's leading provider of Hybrid IT, built on the secure, next-generation, software-defined infrastructure that runs customers' data centers today, will bridge to multi-cloud environments tomorrow, and will power the emerging Intelligent Edge to run campus, branch and Industrial IoT applications for decades to come—all delivered through a world-class services capability.

Going Forward
Hewlett Packard Enterprise is committed to transformation. Our R&D investments, new products and improved focus will enable us to revolutionize the way we all do business.

We will continue to invest in the resources and technologies needed to win. What's more, we will share our unparalleled expertise with our customers to help them succeed in our ever-changing world.

I look forward to celebrating alongside our employees, customers and partners as we advance the limits of true innovation.

Sincerely,

Meg Whitman

Board of Directors*

Dan Ammann
Marc L. Andreessen
Michael J. Angelakis
Leslie A. Brun
Pamela Carter
Klaus Kleinfeld
Raymond J. Lane
Ann M. Livermore
Raymond E. Ozzie
Gary M. Reiner
Patricia F. Russo
Lip-Bu Tan
Margaret C. Whitman
Mary Agnes Wilderotter

Executive Team*

Henry Gomez
Executive Vice President,
Chief Marketing and
Communications Officer

Christopher P. Hsu
Executive Vice President
and General Manager,
Software

Alan R. May
Executive Vice President,
Human Resources

Michael G. Nefkens
Executive Vice President
and General Manager,
Enterprise Services

Antonio F. Neri
Executive Vice President
and General Manager,
Enterprise Group

John F. Schultz
Executive Vice President,
General Counsel
and Corporate Secretary

Timothy C. Stonesifer
Executive Vice President,
Chief Financial Officer

Margaret C. Whitman
President and Chief Executive Officer

*Members of the Board and Executive Team as of December 31, 2016.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Hewlett Packard Enterprise

2017 PROXY STATEMENT

Patricia F. Russo
Chair of the Board

Hewlett Packard Enterprise Company
3000 Hanover Street
Palo Alto, CA 94304
www.hpe.com

To our fellow Stockholders:

We are pleased and excited to invite you to attend the second annual meeting of stockholders of Hewlett Packard Enterprise Company on Wednesday, March 22, 2017 at 9:00 a.m., Pacific Time. The annual meeting is a time for us to reflect on our first year of business and share our business strategy. We have much to be proud of including our business performance, our best-in-class governance profile, and our transformative portfolio alignment. We also have much work to do, as we head into our second year with a vision, strategy, and leadership team fully focused on accelerating next.

This year's annual meeting will again be a completely virtual meeting of stockholders, which will be conducted via live webcast. You will be able to attend the annual meeting of stockholders online and submit your questions during the meeting by visiting **HPE.onlineshareholdermeeting.com**. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting). Hosting a virtual meeting will facilitate stockholder attendance and participation by enabling our stockholders to participate fully from any location around the world. In addition, the online format will allow us to communicate with you in advance of the meeting by visiting **www.proxyvote.com** for beneficial owners and **proxyvote.com/hpe** for registered stockholders. Details regarding how to attend the meeting online and the business to be conducted at the annual meeting are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

We are pleased to provide access to our proxy materials over the Internet under the U.S. Securities and Exchange Commission's ''notice and access'' rules. As a result, we are mailing to many of our stockholders a notice of Internet availability instead of a paper copy of this proxy statement and our 2016 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including this proxy statement, our 2016 Annual Report, and a form of proxy card or voting instruction card. All stockholders who do not receive a notice, including stockholders who have previously requested to receive paper copies of proxy materials, will receive a paper copy of the proxy materials by mail unless they have previously requested delivery of proxy materials electronically. Continuing to employ this distribution process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

Your vote is important to us. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote by proxy over the Internet or by telephone, or, if you received paper copies of the proxy materials by mail, you may also vote by mail by following the instructions on the proxy card or voting instruction card. Voting over the Internet or by telephone, written proxy or voting instruction card will ensure your representation at the annual meeting regardless of whether you attend the virtual meeting.

Finally, I want to sincerely thank each of you for your ongoing support as a stockholder of Hewlett Packard Enterprise Company.

Sincerely,

Patricia F. Russo

Patricia F. Russo
Chair of the Board

[THIS PAGE INTENTIONALLY LEFT BLANK]

HEWLETT PACKARD ENTERPRISE COMPANY

3000 Hanover Street
Palo Alto, California 94304
(650) 857-1501

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:00 a.m., Pacific Time, on Wednesday, March 22, 2017
Place	Online at HPE.onlineshareholdermeeting.com
Items of Business	(1) To elect the 14 directors named in this proxy statement (2) To ratify the appointment of the independent registered public accounting firm for the fiscal year ending October 31, 2017 (3) To approve, on an advisory basis, the company's executive compensation (4) To approve the 162(m)-related provisions of 2015 Company Stock Incentive Plan (5) To consider such other business as may properly come before the meeting
Adjournments and Postponements	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
Record Date	You are entitled to vote only if you were a Hewlett Packard Enterprise Company stockholder as of the close of business on January 23, 2017.
Virtual Meeting Admission	Stockholders of record as of January 23, 2017 will be able to participate in the annual meeting by visiting HPE.onlineshareholdermeeting.com. To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.The annual meeting will begin promptly at 9:00 a.m., Pacific Time.
Pre-Meeting	The online format for the annual meeting also allows us to communicate more effectively with you via www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders and you can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report.
Voting	**Your vote is very important to us. Regardless of whether you plan to participate in the annual meeting, we hope you will vote as soon as possible. You may vote your shares over the Internet or via a toll-free telephone number. If you received a paper copy of a proxy or voting instruction card by mail, you may submit your proxy or voting instruction card for the annual meeting by completing, signing, dating and returning your proxy or voting instruction card in the pre-addressed envelope provided. Stockholders of record and beneficial owners will be able to vote their shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise Company 401(k) Plan, which must be voted prior to the meeting). For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers—Voting Information* beginning on page 94 of the proxy statement.**

By order of the Board of Directors,

John F. Schultz
JOHN F. SCHULTZ
Executive Vice President, General Counsel and Secretary

This notice of annual meeting and proxy statement and form of proxy are being distributed and made available on or about February 6, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on March 22, 2017. This proxy statement and Hewlett Packard Enterprise Company's 2016 Annual Report are available electronically at www.hpe.com/investor/stockholdermeeting2017 and with your 16-digit control number at by visiting www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders.

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

PROXY STATEMENT EXECUTIVE SUMMARY 1
CORPORATE GOVERNANCE 2
Stockholder Outreach 2
Corporate Citizenship Through Living Progress Initiative 3
Hewlett Packard Enterprise Board of Directors 3
Establishment of the Board 3
Board and Committee Meetings and Attendance 6
Board Leadership Structure 6
Board Structure and Committee Composition 7
Board Risk Oversight 11
Succession Planning 12
Director Evaluations 12
Director Candidate Selection and Evaluation 13
Limits on Director Service on Other Public Company Boards 14
Director Independence 14
Director Compensation and Stock Ownership Guidelines 18
Non-Employee Director Stock Ownership Guidelines 21
Stock Ownership Information 22
Common Stock Ownership of Certain Beneficial Owners and Management 22
Section 16(a) Beneficial Ownership Reporting Compliance 24
Related Persons Transaction Policies and Procedures 24
Governance Documents 25
Communications with the Board 26
PROPOSALS TO BE VOTED ON 27
PROPOSAL NO. 1 Election of Directors 27
PROPOSAL NO. 2 Ratification of Independent Registered Public Accounting Firm 41
PROPOSAL NO. 3 Advisory Vote to Approve Executive Compensation 42
PROPOSAL NO. 4 Approval of the 162(m)-Related Provisions of 2015 Company Stock Incentive Plan 44
EXECUTIVE COMPENSATION 51
Compensation Discussion and Analysis 51
Executive Summary 51
Executive Compensation Pay-for-Performance Philosophy 53
Oversight and Authority over Executive Compensation 54
Detailed Compensation Discussion and Analysis 55
Process for Setting and Awarding Fiscal 2016 Executive Compensation 56
Determination of Fiscal 2016 Executive Compensation 57
Strategic Rationale for the Year-over-Year Increase in Disclosed Compensation due to One-time Actions 65
Other Compensation-related Matters 69
HRC Committee Report on Executive Compensation 72
Summary Compensation Table 73
Grants of Plan-Based Awards in Fiscal 2016 76
Outstanding Equity Awards at 2016 Fiscal Year-End 78
Option Exercises and Stock Vested in Fiscal 2016 80
Fiscal 2016 Pension Benefits Table 80
Fiscal 2016 Non-qualified Deferred Compensation Table 82
Potential Payments Upon Termination or Change in Control 83
EQUITY COMPENSATION PLAN INFORMATION 87
AUDIT-RELATED MATTERS 88
Principal Accounting Fees and Services 88
Report of the Audit Committee of the Board of Directors 90
OTHER MATTERS 91
QUESTIONS AND ANSWERS 92
Proxy Materials 92
Voting Information 94
Annual Meeting Information 98
Stockholder Proposals, Director Nominations and Related Bylaw Provisions 99

[THIS PAGE INTENTIONALLY LEFT BLANK]

Proxy Statement Executive Summary

The following is a summary of proposals to be voted on at the annual meeting. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review the proxy statement as well as our 2016 Annual Report, which includes our Annual Report on Form 10-K. References to ''Hewlett Packard Enterprise,'' ''HPE,'' ''the Company,'' ''we,'' ''us'' or ''our'' refer to Hewlett Packard Enterprise Company.

On November 1, 2015, HP Inc., formerly known as Hewlett-Packard Company (referred to in this proxy statement as ''HP'', ''HPI'', ''HP Inc.'', ''HP Co.'', ''Parent'', or ''our former parent'') spun-off Hewlett Packard Enterprise Company, pursuant to a separation and distribution agreement. To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its stockholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise common stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly-traded company.

ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:00 a.m., Pacific Time, on Wednesday, March 22, 2017
Place	Online at **HPE.onlineshareholdermeeting.com**
Record Date	January 23, 2017

PROPOSALS TO BE VOTED ON AND BOARD VOTING RECOMMENDATIONS

Proposal 1
Election of Directors

The Nominating, Governance and Social Responsibility Committee has nominated our current 14 directors for re-election at the annual meeting to hold office until the 2018 annual meeting. Information regarding the skills and qualifications of each nominee can be found on page 27.

Recommendation: Our Board recommends a vote **FOR** the election to the Board of each of the 14 nominees.

Proposal 2
Ratification of Independent Registered Public Accounting Firm

The Audit Committee has appointed, and is asking stockholders to ratify, Ernst & Young LLP (''EY'') as the independent registered public accounting firm for fiscal 2017. Information regarding fees paid to and services rendered by EY can be found on page 41.

Recommendation: Our Board recommends a vote **FOR** the ratification of the appointment.

Proposal 3
Advisory Vote to Approve Executive Compensation

Our Board of Directors and HR and Compensation Committee of the Board are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. Information regarding our programs can be found on page 42.

Recommendation: Our Board recommends a vote **FOR** the approval of the compensation of our named executive officers.

Proposal 4
Approve 162(m)-Related Provisions of 2015 Company Stock Incentive Plan

We are asking stockholders to approve certain provisions as required in order for HPE to continue to be eligible for a federal tax deduction for ''performance-based compensation'' awarded to certain officers under our equity plan. Information can be found on page 44.

Recommendation: Our Board recommends a vote **FOR** the approval of the relevant provisions of the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (as amended and restated on January 25, 2017).

Corporate Governance

Our Board of Directors is committed to excellence in corporate governance. We know that our long-standing tradition of principled, ethical governance benefits you, our stockholders, as well as our customers, employees and communities, and we have developed and continue to maintain a governance profile that aligns with industry-leading standards. We believe that the high standards set by our governance structure have had and will continue to have a direct impact on the strength of our business. The following table presents a brief summary of highlights of our governance profile, followed by more in-depth descriptions of some of the key aspects of our governance structure.

Board Conduct and Oversight	Independence and Participation	Stockholder Rights
✓ Rigorous stock ownership guidelines, including a 7x base salary requirement for the CEO ✓ Regular risk assessment ✓ Standards of Business Conduct, applied to all directors, executive officers and employees ✓ Annual review of developments in best practices ✓ Significant time devoted to succession planning and leadership development efforts ✓ Annual evaluations of Board, committees, and individual directors	✓ Independent Chair ✓ 12 of 14 directors are independent by NYSE standards ✓ Executive sessions of non-management directors generally held at each Board and committee meeting ✓ Audit, HRC, and NGSR Committees are each made up entirely of independent directors ✓ Governance guidelines express preference for the separation of the Chair and CEO roles	✓ Proxy Access Right for eligible stockholders holding 3% or more of outstanding common stock for at least three years to nominate up to 20% of the Board ✓ Special Meeting Right for stockholders of an aggregate of 25% of voting stock ✓ All directors annually elected; no staggered Board ✓ Majority voting in uncontested director elections ✓ No ''Poison Pill'' ✓ No supermajority voting requirements to change organizational documents ✓ Expansive direct engagement with stockholders

STOCKHOLDER OUTREACH

We have designed a multi-faceted stockholder outreach program focused on providing relevant and accessible information to, and soliciting feedback from, our stockholders. The key elements of our stockholder outreach program are the Fall Securities Analyst Meeting, the Winter Board Outreach Program and the Spring Annual Stockholders Meeting.

Securities Analyst Meeting	Board Outreach Program	Annual Stockholders Meeting
Purpose: Provide an overview of our strategic vision for the upcoming year **Format:** Publicly broadcast, so you can access the same information that analysts do	**Purpose:** Prioritize understanding and responding to your specific perspective and concerns **Format:** Members of management and our Board meet investors, in a one-on-one setting	**Purpose:** Provide a corporate update and a forum for management and the Board to answer stockholder questions **Format:** Completely virtual, so you can join, free of cost, from anywhere

Our comprehensive stockholder engagement program is supplemented by our year-round investor relations outreach program that includes post-earnings communications, roadshows, bus tours, one-on-one conferences, group meetings, technology webcasts, and general availability to respond to investor inquiries.

We design our outreach program to provide continuous and meaningful stockholder engagement and participation. Our committed Board of Directors and management team value these interactions and invest meaningful time and resources to ensure that they have an open line of communication with stockholders. During fiscal 2017, our extensive board outreach efforts included off-season engagement with holders of more than 37% of our outstanding common stock as of October 2016. Our discussions with institutional investors involved such topics as corporate strategy, recent significant transactions, capital allocation, governance trends and policies, compensation, and corporate citizenship and responsibility. Additionally, our virtual meeting format and pre-meeting forum for our 2016 annual meeting provided for effortless attendance and participation for all our stockholders around the world. Stockholders and other stakeholders may directly communicate with our Board by contacting: Secretary to the Board of Directors, 3000 Hanover Street, MS 1050, Palo Alto, California 94304; e-mail: bod-hpe@hpe.com.

CORPORATE CITIZENSHIP THROUGH LIVING PROGRESS

We take a thoughtful approach to our global citizenship efforts, called our Living Progress program. This initiative is overseen by the NGSR Committee which regularly reviews, assesses, reports and provides guidance to management and the Board regarding HPE’s policies and programs relating to global citizenship and the impact of HPE’s operations on employees, customers, suppliers, partners and communities worldwide. Our commitment to corporate citizenship has been rewarded, earning us the distinction of Industry Leader in the 2016 Dow Jones Sustainability Index. HPE holds the highest industry score globally in five DJSI sections: Corporate Governance, Innovation Management, Corporate Citizenship & Philanthropy, Digital Inclusion and Labor Practice Indicators and Human Rights. HPE was also ranked #4 on Gartner’s Top 10 and Master High-Tech Supply Chains for 2016, receiving a perfect sustainability score. A few highlights of our Living Progress initiative are detailed below.

Human Progress	Economic Progress	Environmental Progress
Uncompromising stance on human rights Sustainable, responsible supply chain	Economic contributions to communities worldwide HPE Company Foundation disaster relief, education, and employee donation efforts	Ecological solutions Product return and recycling Environmentally conscious operations

HEWLETT PACKARD ENTERPRISE BOARD OF DIRECTORS

Establishment of the Board

As our former parent company prepared to separate into two independent, publicly traded companies, Hewlett Packard Enterprise and HP Inc., the Parent NGSR Committee established two new boards to provide excellent strategic direction and oversight to both companies. In late 2014, the Parent NGSR Committee, working with management and an outside director search firm, embarked on a thorough, global search with a focus on finding world-class directors with the diversity of skills, experience, ethnicity and gender to best compliment those of the existing directors, resulting in exceptional leadership for both companies.

The Parent NGSR Committee used a variety of methods for identifying and evaluating nominees for director, solicited recommendations from stockholders and diversity advocate groups, and examined each candidate's professional background and business history extensively to achieve a balance of knowledge, experience and capability on our board. The selection criteria for new directors included:

- high professional and personal ethics and values consistent with our longstanding values and standards;
- broad policy-making experience in business, government, education, technology or public service;
- diversity of background and experience, including: senior leadership and operating experience in a publicly listed company; board experience in a publicly listed company; financial, industrial/technical, brand marketing or international expertise; and
- experience as an investor with a commitment to enhancing stockholder value and representation of the interests across our stockholder base.

Finally, each candidate was evaluated to assess whether he or she (i) had appropriate time to devote to the board and company, (ii) did not have any real or perceived conflicts, (iii) demonstrated the ability to develop a good working relationship with other members of the board of directors, and (iv) would contribute to the board's working relationship with senior management.

The allocation of legacy HP Co. board members to the new Hewlett Packard Enterprise Board was finalized upon completion of the assessment of the full portfolio of skills and experience of current and prospective board members in such a manner to achieve an optimal mix for each post-separation board and an effective committee composition, while maintaining strong continuity and institutional knowledge on each resulting board. Eight of our 14 directors are legacy Hewlett-Packard Company directors.

We are committed to implementing and following high standards of corporate governance, which we believe are vital to the success of our business, creation of value for our stockholders and maintenance of our integrity in the marketplace. Our commitment to excellence in governance policies and practices, inherited from the long-standing tradition of our former parent, Hewlett-Packard Company, has flourished throughout our first year of business.

The following page includes a skills and qualifications matrix highlighting many of the key experiences and competencies our directors bring to Hewlett Packard Enterprise Company.

Hewlett Packard Enterprise Company Board of Directors Skills and Qualifications

	Daniel Ammann	Marc L. Andreessen	Michael J. Angelakis	Leslie A. Brun	Pamela L. Carter	Klaus Kleinfeld	Raymond J. Lane	Ann M. Livermore	Raymond E. Ozzie	Gary M. Reiner	Patricia F. Russo	Lip-Bu Tan	Margaret C. Whitman	Mary Agnes Wilderotter
Risk and Compliance Experience identifying, mitigating, and managing risk in enterprise operations helps our directors effectively oversee our Enterprise Risk Management program which is vital to customer and stockholder protection.	●		●	●	●								●	●
Financial and Audit Experience in accounting and audit functions and ability to analyze financial statements and oversee budgets is key to supporting the Board's oversight of our financial reporting and functions.	●		●	●	●									●
Business Development and Strategy Experience in setting and executing long-term corporate strategy is critical to the successful planning and execution of our long-term vision.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Investment Experience in venture and investment capital underlies our capital allocation decisions and ensures that the investors' view of our business is incorporated in board discussions.	●	●	●	●			●			●		●	●	
Executive Level Leadership Experience in executive positions within enterprise businesses is key to the effective oversight of management.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Business Ethics Experience in and continued dedication to the highest levels of ethics and integrity within the enterprise context underpins the holistic commitment of HPE to operate with integrity.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Extensive Industry Leadership Experience at the executive level in the technology sector enhances our Board's ability to oversee management in a constantly changing industry.		●	●		●	●	●	●	●	●	●	●	●	●
Legal, Regulatory and Public Policy Experience in setting and analyzing public policy supports Board oversight of our business in heavily regulated sectors.					●									●
Corporate Governance Experience on other public company boards provides insight into developing practices consistent with our commitment to excellence in corporate governance.		●	●	●	●	●	●	●		●	●	●	●	●
International Experience operating in a global context by managing international enterprises, residence abroad, and studying other cultures enables oversight of how HPE navigates a global marketplace.	●		●		●	●	●				●	●		

Board and Committee Meetings and Attendance

Our Board has five regularly scheduled meetings and an annual meeting of stockholders each year, in addition to special meetings scheduled as appropriate. During fiscal 2016, our Board held 17 meetings. In addition, our five committees held a total of 44 meetings. Each of the five regularly scheduled Board meetings held during fiscal 2016 included an executive session, consisting of only non-management directors, and one included a private session consisting of only independent directors. The Board expects that its members will rigorously prepare for, attend and participate in all Board and applicable Committee meetings and each annual general meeting of stockholders. When directors are unable to attend a meeting, it is our practice to provide all meeting materials to the director, and the Chair or the relevant committee chair consults with and apprises the director of the meeting's subject matter. In addition to participation at Board and committee meetings, our directors discharged their responsibilities throughout the year through personal meetings and other communications, including considerable telephone contact with our Chair, our CEO and other members of senior management regarding matters of interest.

Each of our 14 incumbent directors attended at least 75% of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which each such director served, during the period for which each such director served.

Directors are also encouraged to attend our annual meeting of stockholders. Last year, each of our directors was in attendance.

Board Leadership Structure

The Board is currently led by an independent director, Patricia F. Russo, Chair of the Board. Our Bylaws and Corporate Governance Guidelines permit the roles of chair of the Board and chief executive officer to be filled by the same or different individuals, although the Corporate Governance Guidelines express a preference for the separation of the two roles. This flexibility allows the Board to determine whether the two roles should be combined or separated based upon our needs and the Board's assessment of its leadership from time to time. The Board believes that our stockholders are best served at this time by having an independent director serve as Chair of the Board. Our Board believes this leadership structure effectively allocates authority, responsibility, and oversight between management and the independent members of our Board. It gives primary responsibility for the operational leadership and strategic direction of the Company to our CEO, while the Chair facilitates our Board's independent oversight of management, promotes communication between senior management and our Board about issues such as management development and succession planning, executive compensation, and company performance, engages with stockholders, and leads our Board's consideration of key governance matters.

The Chair	• presides at all meetings of the Board, including executive sessions of the independent directors, • oversees the planning of the annual Board calendar, schedules and sets the agenda for meetings of the Board in consultation with the other directors, and leads the discussion at such meetings, • chairs the annual meeting of stockholders, • is available in appropriate circumstances to speak on behalf of the Board, and • performs such other functions and responsibilities as set forth in our Corporate Governance Guidelines or as requested by the Board from time to time.

Board Structure and Committee Composition

As of the date of this proxy statement, the Board has 14 directors and the following five standing committees: (1) Audit Committee; (2) Finance and Investment Committee; (3) HR and Compensation Committee; (4) Nominating, Governance, and Social Responsibility Committee; and (5) Technology Committee. The current committee membership and the function of each of these standing committees are described below. Each of the standing committees operates under a written charter adopted by the Board. All of the committee charters are available on our website at investors.hpe.com/governance/committees#committee-charters. Each committee reviews and reassesses the adequacy of their charter annually, conducts annual evaluations of their performance with respect to their duties and responsibilities as laid out in the charter, and reports regularly to the Board with respect to the committees' activities. Additionally, the Board and each of the committees has the authority to retain, terminate and receive appropriate funding for outside advisors as the Board and/or each committee deems necessary.

The composition of each standing committee is as follows:

Independent Directors	Audit	FIC	HRC	NGSRC	Tech
Daniel Ammann		●			
Marc L. Andreessen		●			●
Michael J. Angelakis	●	◉			
Leslie A. Brun	●		◉		
Pamela L. Carter	●		●		
Klaus Kleinfeld			●	●	
Raymond J. Lane		●			●
Raymond E. Ozzie		●			◉
Gary M. Reiner		●		◉	●
Patricia F. Russo					
Lip-Bu Tan				●	●
Mary Agnes Wilderotter	◉		●		
Other Directors					
Ann M. Livermore		●			
Margaret C. Whitman					

Audit Committee

For financial reporting process and audit

Members	Skills and Experiences
Michael J. Angelakis	✓ Financial Statement Review
Leslie A. Brun	✓ Audit
Pamela L. Carter	✓ Compliance
Mary Agnes Wilderotter, Chair	✓ Risk Management

Risk Oversight Role and Primary Responsibilities:

Audit

- Oversee the performance of our internal audit function
- Review the qualifications, independence, work product and performance of the independent public accounting firm and evaluate and determine the firm's compensation

Compliance Processes

- Oversee our compliance with legal and regulatory requirements
- Conduct investigations into complaints concerning federal securities laws
- Review results of significant investigations, and management's response to investigations

Financial Reporting

- Oversee financial reporting process
- Review and discuss earnings press releases
- Review the audit and integrity of our financial statements

Risk Management

- Review identified risks to HPE
- Review risk assessment and management policies

Required Qualifications:

Each director on the Audit Committee must be independent within the meaning of the New York Stock Exchange (''NYSE'') standards of independence for directors and audit committee members, and must meet applicable NYSE financial literacy requirements, each as the Board determines. Finally, at least one director on the Audit Committee must be an ''audit committee financial expert,'' as determined by the Board in accordance with SEC rules. The Board determined that each of Ms. Wilderotter, Chair of the Audit Committee, Mr. Angelakis and Mr. Brun, is an audit committee expert.

Finance and Investment Committee

For significant treasury matters, strategic transactions, and capital allocation reviews

Members	Skills and Experiences
Dan Ammann	✓ Capital Structure and Strategy
Marc L. Andreessen	✓ Captive Finance
Michael J. Angelakis, Chair	✓ Venture Capital
Raymond J. Lane	✓ Enterprise Information Technology
Ann M. Livermore	
Raymond E. Ozzie	
Gary M. Reiner	

Risk Oversight Role and Primary Responsibilities:

Finance

- Oversee significant treasury matters such as capital structure and allocation strategy, global liquidity, borrowings, currency exposure, dividend policy, share issuances and repurchases, and capital spending
- Oversee our loans and loan guarantees of third parties
- Review capitalization of our Financial Services business

Investment

- Review derivative policy
- Review and approve certain swaps and other derivative transactions
- Oversee fixed income investments

Mergers & Acquisitions

- Evaluate and revise our mergers and acquisitions approval policies
- Assist the Board in evaluating investment, acquisition, enterprise services, joint venture and divestiture transactions
- Evaluate the execution, financial results and integration of completed transactions

Required Qualifications:

A majority of the directors on the Finance and Investment Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines.

Human Resources and Compensation Committee

For executive compensation structure and strategy

Members

Leslie A. Brun, chair
Pamela L. Carter
Klaus Kleinfeld
Mary Agnes Wilderotter

Skills and Experiences

✓ Operations
✓ Legal and Regulatory Compliance
✓ Executive Compensation

Risk Oversight Role and Primary Responsibilities:

Compensation Structure & Strategy

- Discharge the Board's responsibilities relating to the compensation of our executives and directors
- Annually review and evaulate management's performance and compensation
- Oversee and provide risk management of our compensation structure, including our equity and benefits programs
- Review and discuss the Compensation Discussion and Analysis and additional disclosures in compliance with SEC or listing standards

Human Resources & Workforce Management

- Generally oversee our human resources and workforce management programs

Required Qualifications:

Each director on the HRC Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines. In addition, members of the HRC Committee must qualify as ''non-employee directors'' for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the ''1934 Act''), and as ''outside directors'' for purposes of Section 162(m) of the Internal Revenue Code. The Board determined that each of Mr. Brun, Chair of the HRC Committee, and the HRC Committee members, Ms. Carter, Mr. Kleinfeld, and Mrs. Wilderotter, is independent within the meaning of the NYSE standards of independence for directors and compensation committee members, and for purposes of Rule 16b-3 under the 1934 Act and Section 162(m) of the Internal Revenue Code.

Compensation Committee Interlocks and Insider Participation:

None of our executive officers served as a member of the compensation committee of another company, or as a director of another company, whose executive officers also served on our compensation committee or as one of our directors.

Nominating, Governance, and Social Responsibility Committee

For board evaluation, director nomination, and corporate citizenship

Members	Skills and Experiences
Klaus Kleinfeld	✓ Corporate Governance
Gary M. Reiner, Chair	✓ Operations
Lip-Bu Tan	✓ Executive and Director Level Leadership Experience

Risk Oversight Role and Primary Responsibilities:

Corporate Governance

- Develop and review regularly our Corporate Governance Guidelines
- Identify and monitor social, political, and environmental trends and provide guidance relating to public policy matters and global citizenship
- Review proposed changes to our Certificate of Incorporation, Bylaws and Board committee charters
- Ensure proper attention is given and effective responses are made to stockholder concerns
- Design and execute annual evaluations of the Board, committees, and individual directors
- Oversee the HRC Committee's evaluation of senior management

Board Composition

- Identify, recruit and recommend candidates to be nominated for election as directors
- Develop and recommend Board criteria for identifying director candidates
- Oversee the organization and leadership structure of the Board to discharge its duties and responsibilities properly and efficiently
- Evaluate director independence and financial literacy and expertise

Required Qualifications:

Each director on the NGSR Committee must be independent within the meaning of applicable laws and listing standards, as the Board determines.

Technology Committee

For technology and intellectual property portfolio strategy

Members	Skills and Experiences
Marc L. Andreessen	✓ Entrepreneurship
Raymond J. Lane	✓ Research and Development
Raymond E. Ozzie, Chair	✓ Venture Capital
Gary M. Reiner	✓ Enterprise Information Technology
Lip-Bu Tan	

Risk Oversight Role and Primary Responsibilities:

Impact of investment and other actions upon the strength of our intellectual property and technology strategies

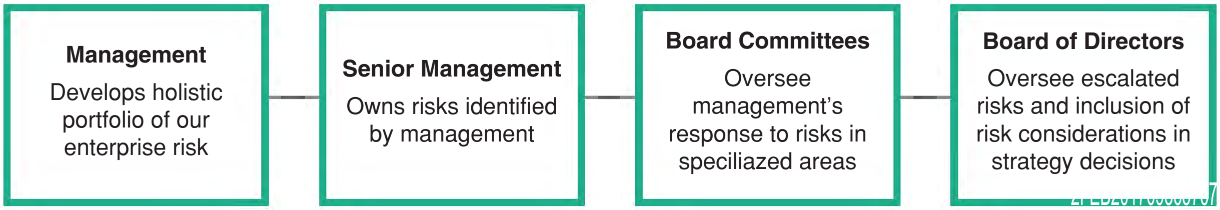
- Make recommendations to the Board concerning our technology strategies
- Assess the health and oversee the execution of our technology strategies
- Assess the scope and quality of our intellectual property
- Provide guidance on technology as it may pertain to market entry and exit, investments, mergers, acquisitions and divestitures, research and development investments, and key competitor and partnership strategies

Required Qualifications:

Each director on the Technology Committee will have such qualifications as the Board determines.

Board Risk Oversight

The Board, with the assistance of its committees as discussed below, reviews and oversees our enterprise risk management (''ERM'') program, which is an enterprise-wide program designed to enable effective and efficient identification of, and management visibility into, critical enterprise risks and to facilitate the incorporation of risk considerations into decision making. The ERM program was established to clearly define risk management roles and responsibilities, bring together senior management to discuss risk, promote visibility and constructive dialogue around risk at the senior management and Board levels and facilitate appropriate risk response strategies.



Management
Develops holistic portfolio of our enterprise risk

Senior Management
Owns risks identified by management

Board Committees
Oversee management's response to risks in speciliazed areas

Board of Directors
Oversee escalated risks and inclusion of risk considerations in strategy decisions

Under the ERM program, management develops a holistic portfolio of our enterprise risks by facilitating business and function risk assessments, performing targeted risk assessments and incorporating information regarding specific categories of risk gathered from various internal Hewlett Packard Enterprise organizations. Management then develops risk response plans for risks categorized as needing management focus and response and monitors other identified risk focus areas. Management provides reports on the risk portfolio and risk response efforts to senior management and to the Audit Committee.

The Board oversees management's implementation of the ERM program, including reviewing our enterprise risk portfolio and evaluating management's approach to addressing identified risks. Various Board committees also have responsibilities for oversight of risk management that supplement the ERM program. For example, the HRC Committee considers the risks associated with our compensation policies and practices as discussed below, the Finance and Investment Committee is responsible for overseeing financial risks, and the NGSR Committee oversees risks associated with our governance structure and processes. This structure allows specialized attention to and oversight over key risk areas by aligning our carefully crafted committees with risk oversight in their individual areas of expertise. The Board is kept informed of its committees' risk oversight and related activities primarily through reports of the committee chairs to the full Board. In addition, the Audit Committee escalates issues relating to risk oversight to the full Board as appropriate to keep the Board appropriately informed of developments that could affect our risk profile or other aspects of our business. The Board also considers specific risk topics in connection with strategic planning and other matters.

Compensation Risk Assessment

During fiscal 2016, we undertook a review of our material compensation processes, policies and programs for all employees and determined that our compensation programs and practices are not reasonably likely to have a material adverse effect on Hewlett Packard Enterprise. In conducting this assessment, we reviewed our compensation risk infrastructure, including our material plans, our risk control systems and governance structure, the design and oversight of our compensation programs and the developments, improvements and other changes made to those programs, and we presented a summary of the findings to the HRC Committee. Overall, we believe that our programs contain an appropriate balance of fixed and variable features and short- and long-term incentives, as well as complementary metrics and reasonable, performance-based goals with linear payout curves under most plans. We believe that these factors, combined with effective Board and management oversight, operate to mitigate risk and reduce the likelihood of employees engaging in excessive risk-taking behavior with respect to the compensation-related aspects of their jobs.

Succession Planning

Among the HRC Committee's responsibilities described in its charter is to oversee succession planning and leadership development. The Board plans for succession of the CEO and annually reviews senior management selection and succession planning that is undertaken by the HRC Committee. As part of this process, the independent directors annually review the HRC Committee's recommended candidates for senior management positions to see that qualified candidates are available for all positions and that development plans are being utilized to strengthen the skills and qualifications of the candidates. The criteria used when assessing the qualifications of potential CEO successors include, among others, strategic vision and leadership, operational excellence, financial management, executive officer leadership development, ability to motivate employees, and an ability to develop an effective working relationship with the Board.

In fiscal 2016, with the spin-off and merger of our Enterprise Services segment, and the subsequent spin-off and merger of our Software segment under way, we engaged in two robust organization design and talent selection processes to staff both companies, through which management reviewed selection recommendations below the senior leadership level, considering skill sets, performance, potential and diversity. Where the organizational changes altered our pre-existing succession plans, new successors were identified and relevant talent development plans were implemented.

Director Evaluations

The Board conducts an evaluation of the Board, each committee, and individual directors annually. The process approved by the Board involves the NGSR Committee, working with the Board Chair, designing each year's evaluation process, selecting from a variety of elements including external evaluators, written evaluations, and group discussions, based on the current dynamics of the Board and of the Company as well as the method of previous annual evaluations. Because 2016 was HPE's first year as an NYSE-listed company, the NGSR Committee elected to conduct self-evaluations of the Board, committees and individual directors using a comprehensive written questionnaire to allow annonymity while establishing a baseline to use for comparison in future evaluations. The written questionnaires completed by our Board for the 2016 self-evaluation included questions intended to gauge effectiveness in board composition and conduct; meeting structure; materials; committee composition and effectiveness; strategic and succession planning; and individual performance. The Corporate Secretary compiled the results which were used by the Board Chair to lead a candid discussion with the Board in Executive Session. A report on the survey results was made available to each director.

Director Candidate Selection and Evaluation

Stockholder Recommendations

The policy of the NGSR Committee is to consider properly submitted stockholder recommendations of candidates for membership on the Board as described below under ''Identifying and Evaluating Candidates for Directors.'' In evaluating such recommendations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth below under ''Proposals to be Voted on—Proposal No. 1 Election of Directors—Director Nominee Experience and Qualifications.'' Any stockholder recommendations submitted for consideration by the NGSR Committee should include verification of the stockholder status of the person submitting the recommendation and the recommended candidate's name and qualifications for Board membership and should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Fax: (650) 857-4837 Email: bod-hpe@hpe.com

Stockholder Nominations

In addition, our Bylaws permit stockholders to nominate directors for consideration at an annual stockholder meeting and, under certain circumstances, to include their nominees in the Hewlett Packard Enterprise proxy statement. For a description of the process for nominating directors in accordance with our Bylaws, see ''Questions and Answers—Stockholder Proposals, Director Nominations and Related Bylaw Provisions—How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?'' on page 99.

Identifying and Evaluating Candidates for Directors

The NGSR Committee, in consultation with the Chair, assesses the appropriate size of the Board, as well as the alignment of director skills with company strategy, and whether any vacancies on the Board are expected due to retirement or otherwise, or whether the Board would benefit from the addition of a director with a specific skillset. In the event that vacancies are anticipated, or otherwise arise, the NGSR Committee seeks to establish a diverse pool of qualified candidates for consideration. The NGSR Committee also considers board refreshment in its annual evaluation of the Board. We balance our respect for historical knowledge of our company with our regard for fresh perspectives by considering director tenure on a case-by-case basis, rather than imposing arbitrary term limits.

The NGSR Committee uses a variety of methods for identifying and evaluating nominees for director. Candidates may come to the attention of the NGSR Committee through current Board members, professional search firms, stockholders or other persons. Identified candidates are evaluated at regular or special meetings of the NGSR Committee and may be considered at any point during the year. As described above, the NGSR Committee considers properly submitted stockholder recommendations of candidates for the Board to be included in our proxy statement. Following verification of the stockholder status of individuals proposing candidates, recommendations are considered collectively by the NGSR Committee at a regularly scheduled meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials are forwarded to the NGSR Committee. The NGSR Committee also reviews materials provided by professional search firms and other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, the NGSR Committee seeks to achieve a balance of knowledge, experience and capability on the Board that will enable the Board to effectively oversee the business. The NGSR Committee evaluates nominees recommended by stockholders using the same criteria as it uses to evaluate all other candidates.

We engage a professional search firm on an ongoing basis to identify and assist the NGSR Committee in identifying, evaluating and conducting due diligence on potential director nominees. In each instance, the NGSR Committee considers the totality of the circumstances of each individual candidate.

Limits on Director Service on Other Public Company Boards

We have a highly effective and engaged Board, and we believe that our directors’ outside directorships enable them to contribute valuable knowledge and experience to the HPE Board. Nonetheless, the Board is sensitive to the external obligations of its directors and the potential for overboarding to compromise the ability of these directors to effectively serve on the Board. HPE’s Corporate Governance Guidelines limit each director’s service on other boards of public companies to a number that permits them, given their individual circumstances, to perform responsibly all director duties and, in all events, this service may not exceed four other public company boards. Further, the ability of each director to devote sufficient time and attention to director duties is expressly considered as part of the annual board self-evaluation process, which aims to evaluate the effectiveness and engagement of HPE’s directors, including in the context of their external commitments.

While the Board certainly considers its directors’ outside directorships during this evaluation process, the Board recognizes that this is one of many outside obligations which could potentially impair a director’s capacity to dedicate sufficient time and focus to their service on the HPE Board. As such, the Board evaluates many factors when assessing the effectiveness and active involvement of each director. Such other factors include:

✓ The director’s attendance at Board and committee meetings.

✓ The director’s participation and level of engagement during these meetings.

✓ The role played by the director on the Board of HPE, as well as on his or her outside boards, including committee membership and chairmanship.

✓ The experience and expertise of the director, including both relevant industry experience and service on other (related) public company boards, which enables the director to serve on multiple boards effectively.

We schedule our board and committee meetings up to two years in advance, to ensure director availability and maximum participation. Directors serve for one-year terms; accordingly, there is an opportunity to evaluate annually each director’s ability to serve.

Director Independence

Our Corporate Governance Guidelines provide that a substantial majority of the Board will consist of independent directors and that the Board can include no more than three directors who are not independent directors. These standards are available on our website at http://investors.hpe.com/governance/guidelines. Our director independence standards generally reflect the NYSE corporate governance listing standards. In addition, each member of the Audit Committee and the HRC Committee meets the heightened independence standards required for such committee members under the applicable listing standards.

Under our Corporate Governance Guidelines, a director will not be considered independent in the following circumstances:

(1) The director is, or has been within the last three years, an employee of Hewlett Packard Enterprise, or an immediate family member of the director is, or has been within the last three years, an executive officer of Hewlett Packard Enterprise.

(2) The director has been employed as an executive officer of Hewlett Packard Enterprise, its subsidiaries or affiliates within the last five years.

(3) The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than $120,000 in direct compensation from Hewlett Packard Enterprise, other than compensation for Board service, compensation received by a director's immediate family member for service as a non-executive employee of Hewlett Packard Enterprise, or pension or other forms of deferred compensation for prior service with Hewlett Packard Enterprise that is not contingent on continued service.

(4) (A) The director or an immediate family member is a current partner of the firm that is our internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time.

(5) The director or an immediate family member is, or has been in the past three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or has served on that company's compensation committee.

(6) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Hewlett Packard Enterprise for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues.

(7) The director is affiliated with a charitable organization that receives significant contributions from Hewlett Packard Enterprise.

(8) The director has a personal services contract with Hewlett Packard Enterprise or an executive officer of Hewlett Packard Enterprise.

For these purposes, an ‘‘immediate family member’’ includes a director's spouse, parents, step-parents, children, step-children, siblings, mother-in-law, father-in-law, sons-in-law, daughters-in-law, brothers-in-law, sisters-in-law, and any person (other than tenants or employees) who shares the director's home.

In determining independence, the Board reviews whether directors have any material relationship with Hewlett Packard Enterprise. An independent director must not have any material relationship with Hewlett Packard Enterprise, either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise, nor any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In assessing the materiality of a director's relationship to Hewlett Packard Enterprise, the Board considers all relevant facts and circumstances, including consideration of the issues from the director's standpoint and from the perspective of the persons or organizations with which the director has an affiliation, and is guided by the standards set forth above.

In making its independence determinations, the Board considered transactions occurring since the beginning of fiscal 2014 between Hewlett Packard Enterprise, and/or its former parent HP Inc., as applicable, and entities associated with the independent directors or their immediate family members. The Board's independence determinations included consideration of the following transactions:

- Mr. Ammann is the President of General Motors Company. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with General Motors Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to General Motors Company, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from General Motors Company, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of General Motors Company's consolidated gross revenues.

- Mr. Angelakis is a senior advisor to the executive management committee of Comcast Corporation and until July 2015 served as Vice Chairman and Chief Financial Officer of Comcast Corporation. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Comcast Corporation. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Comcast Corporation, and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Comcast Corporation, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Comcast Corporation's consolidated gross revenues.

- Ms. Carter served as a Vice President of Cummins Inc. until April 2015. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Cummins Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cummins Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cummins Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Cummins Inc.'s consolidated gross revenues.

- Mr. Kleinfeld is the Chairman and Chief Executive Officer of Arconic Inc., formerly Alcoa Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Arconic Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Arconic Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Arconic Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Arconic Inc.'s consolidated gross revenues.

- Mr. Tan is the President and Chief Executive Officer of Cadence Design Systems, Inc. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Cadence Design Systems, Inc. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Cadence Design Systems, Inc., and the amount received in each fiscal year by HP Inc. or Hewlett Packard Enterprise from Cadence Design Systems, Inc., did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Cadence Design Systems, Inc.'s consolidated gross revenues.

- Mrs. Wilderotter's sister, Denise M. Morrison, is the President and Chief Executive Officer of Campbell Soup Company. Ms. Morrison also serves as a director of the Board of Campbell Soup Company. HP Inc. and/or Hewlett Packard Enterprise have each entered into transactions for the purchase and/or sale of goods and services in the ordinary course of its business during the past three fiscal years with Campbell Soup Company. The amount that HP Inc. or Hewlett Packard Enterprise paid in each of the last three fiscal years to Campbell Soup Company, and the amount received in each fiscal year by HP Inc. or

Hewlett Packard Enterprise from Campbell Soup Company, did not, in any of the previous three fiscal years, exceed the greater of $1 million or 2% of Campbell Soup Company's consolidated gross revenues.

- Each of Mr. Andreessen, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Kleinfeld, Mr. Lane, Ms. Livermore, Mr. Ozzie, Mr. Reiner, Ms. Russo, Ms. Whitman and Mrs. Wilderotter, or one of their immediate family members, is a non-employee director, trustee or advisory board member of another company that did business with HP Inc. or Hewlett Packard Enterprise at some time during the past three fiscal years. These business relationships were as a supplier or purchaser of goods or services in the ordinary course of business.

As a result of this review, the Board has determined the transactions and relationships described above would not interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The Board has also determined that, with the exception of Mr. Lane and Ms. Livermore, each current non-employee director, including Mr. Ammann, Mr. Andreessen, Mr. Angelakis, Mr. Brun, Ms. Carter, Mr. Kleinfeld, Mr. Ozzie, Mr. Reiner, Ms. Russo, Mr. Tan, Mrs. Wilderotter and each of the members of the Audit Committee, the HRC Committee and the NGSR Committee, has no material relationship with Hewlett Packard Enterprise (either directly or as a partner, stockholder or officer of an organization that has a relationship with Hewlett Packard Enterprise) and is independent within the meaning of our and NYSE director independence standards. The Board has determined that (i) Mr. Lane is independent by NYSE standards but not under our stricter standards because of his former role as executive chairman of the board of HP Inc., (ii) Ms. Livermore is not independent under either standard because she was an employee of Hewlett Packard Enterprise through October 31, 2016 and was an executive officer of our former parent within the last five fiscal years, and (iii) Ms. Whitman is not independent because of her status as our current President and CEO.

Director Compensation and Stock Ownership Guidelines

Non-employee director compensation is determined by the Board, acting on the recommendation of the HRC Committee. In formulating its recommendation, the HRC Committee considers market data for our peer group and input from the third-party compensation consultant retained by the HRC Committee regarding market practices for director compensation. Directors who are employees of the Company or its affiliates do not receive any separate compensation for their board activities.

The HRC Committee intends to set director compensation levels at or near the market median to ensure directors are paid competitively for their time commitment and responsibilities relative to directors at companies of comparable size, industry, and scope of operations. As noted above, during fiscal 2016, FW Cook conducted a review of director compensation levels relative to the peer group, which indicated that the current program was providing compensation within the range of the median and thus was aligned with its philosophy. No changes were made to compensation levels as a result of the fiscal 2016 review. The HRC Committee intends to conduct such reviews annually.

During fiscal 2016, non-employee directors were compensated for their service as shown in the chart below:

PAY COMPONENT	DIRECTOR COMPENSATION	ADDITIONAL INFORMATION[1]
Annual Cash Retainer	• $100,000[2]	• For 2015 Board year, may elect to receive 100% in equity[3] • For 2016 board year, may elect to receive up to 100% in HPE Stock[4], which may be deferred for calendar year 2017[5]
Annual Equity Retainer	• $175,000 converted to restricted stock units[6]	• May defer up to 100%[5]
Meeting Fees	• $2,000 for each board meeting in excess of ten • $2,000 for each committee meeting in excess of ten	• Paid in cash • For 2016 board year, may elect to receive up to 100% in HPE Stock[4], which may be deferred for calendar year 2017[5]
Chairman of the Board Fee	• $200,000	• For 2016 board year, may elect to receive up to 100% in HPE Stock[4], which may be deferred for calendar year 2017[5]
Committee Chair Fees	• Lead independent director: $35,000 • Audit committee: $25,000 • HRC committee: $20,000 • All others: $15,000	• For 2016 board year, may elect to receive up to 100% in HPE Stock[4], which may be deferred for calendar year 2017[5]
Stock Ownership Guidelines	• 5x annual cash retainer ($500,000)	• Shares held by the director, directly or indirectly, and deferred vested RSUs are included in the stock ownership calculation • Must be met within five years of election to the Board

(1) For purposes of determining director compensation, we use a compensation year that generally commences with the month in which the Annual Stockholders' Meeting is held, and ends the twelfth month after that date. This aligns with our Annual Stockholders' Meeting, but does not coincide with our November through October fiscal year. Therefore, the pay components for the director compensation program for fiscal 2016 reflect program guidelines during both the 2015 and 2016 board years. The 2015 board year began with the launch of HPE in November 2015 and ended in February 2016. The 2016 board year began in March 2016 and will continue until February 2017.

(2) Annual cash retainer is paid in quarterly installments.

(3) For the 2015 board year, directors were permitted to elect equity either entirely in RSUs or in equal values of RSUs and stock options.

(4) Annual cash retainer and chairman or committee chair fees received in shares of HPE stock in lieu of cash, are delivered quarterly in four equal grants. Meeting fees received in shares of HPE stock are delivered at the end of the board year.

(5) Deferral elections are made in December, and effective for the following calendar year. For calendar year 2016, directors could defer RSUs received in lieu of cash and up to $50,000 of cash. For calendar year 2017, directors were permitted to elect to defer all or a portion of any compensation received in the form of RSUs or shares of HPE stock.

(6) RSUs generally vest on the earlier of the date of the annual shareholder meeting in the following year, or after one year from the date of grant. Directors receive dividend equivalent units with respect to RSUs.

Non-employee directors are reimbursed for their expenses in connection with attending board meetings (including expenses related to spouses when spouses are invited to attend board events), and non-employee directors may use company aircraft for travel to and from board meetings and other company events, provided that the aircraft are not otherwise needed for direct business-related activities.

Fiscal 2016 Director Compensation

The following table provides information regarding compensation for directors who served during fiscal 2016:

Name	Fees Earned or Paid in Cash[1][2][3] ($)	Stock Awards[3][4] ($)	All Other Compensation ($)	Total ($)
Patricia F. Russo	259,667	175,008		434,675
Daniel Ammann	103,886	175,008		278,894
Marc L. Andreessen	107,000	175,008		282,008
Michael J. Angelakis	120,869	175,008		295,877
Leslie A. Brun	127,863	175,008		302,871
Pamela L. Carter	105,886	175,008		280,894
Klaus Kleinfeld	66,667	175,008		241,675
Raymond J. Lane	74,667	175,008		249,675
Ann M. Livermore[5]	—	—		—
Raymond E. Ozzie	116,000	175,008		291,008
Gary M. Reiner	87,667	175,008		262,675
Lip-Bu Tan	101,886	175,008		276,894
Margaret C. Whitman[6]	—	—		—
Mary Agnes Wilderotter	94,183	175,008		269,191

[1] Cash amounts included in the table above represent the portion of the annual retainers, committee chair fees, lead independent director fees, if applicable, chairman of the board fees and additional meeting fees earned with respect to service during fiscal 2016. See ''Additional Information about Fees Earned or Paid in Cash in Fiscal 2016'' below.

[2] The amounts in this column also include the following compensation received in shares of HPE stock in lieu of cash during the 2016 board compensation year: Messrs. Andreessen and Kleinfeld received $33,333 in shares of HPE stock; Messrs. Lane and Tan and Ms. Russo each received $66,667 in shares of HPE stock; Mr. Reiner received $76,667 in shares of HPE stock.

[3] The amounts in this column also include the following cash or stock awards that were deferred during fiscal 2016: Mr. Andreessen deferred $33,333 of cash and $116,667 of RSUs; Ms. Russo and Ms. Carter deferred $166,667 of RSUs.

[4] Represents the grant date fair value of stock awards granted in fiscal 2016 calculated in accordance with applicable accounting standards relating to share-based payment awards. For awards of RSUs, that amount is calculated by multiplying the closing price of HPE's stock on the date of grant by the number of units awarded. For information on the assumptions used to calculate the value of the stock awards, refer to Note 5 to our ''Consolidated & Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, as filed with the SEC on December 15, 2016. See ''Additional Information about Non-Employee Director Equity Awards'' below.

[5] Ms. Livermore was an employee of HPE during fiscal 2016, and in that capacity, performed various tasks and worked on special projects, including acting as an advisor and providing executive support to the CEO. Accordingly, Ms. Livermore did not receive any separate compensation for her board service. However, Ms. Livermore was paid $850,032 in base salary, received bonuses totaling $1,062,500, and received other compensation totaling $90,856 with respect to her employment with HPE during fiscal 2016. She did not receive any equity awards in fiscal 2016. Ms. Livermore also participated in HPE's benefit programs during fiscal 2016.

[6] Ms. Whitman served as President and CEO of HPE throughout fiscal 2016. Accordingly, she did not receive any compensation for her board service. Please see the ''Executive Compensation'' section for details regarding Ms. Whitman's fiscal 2016 compensation.

Additional Information about Fees Earned or Paid in Cash in Fiscal 2016

The following table provides additional information regarding fees earned or paid in cash to non-employee directors in fiscal 2016:

Name	Annual Retainers[1] ($)	Committee Chair/ Chairman Fees[2] ($)	Additional Meeting Fees[3] ($)	Total ($)
Patricia F. Russo	100,000	151,667	8,000	259,667
Daniel Ammann	99,886	—	4,000	103,886
Marc L. Andreessen	100,000	5,000	2,000	107,000
Michael J. Angelakis	99,886	14,983	6,000	120,869
Leslie A. Brun	99,886	19,977	8,000	127,863
Pamela L. Carter	99,886	—	6,000	105,886
Klaus Kleinfeld	66,667	—	—	66,667
Raymond J. Lane	66,667	—	8,000	74,667
Raymond E. Ozzie	100,000	10,000	6,000	116,000
Gary M. Reiner	66,667	15,000	6,000	87,667
Lip-Bu Tan	99,886	—	2,000	101,886
Mary Agnes Wilderotter	72,146	18,037	4,000	94,183

(1) The dollar amounts shown include annual cash retainers earned for service during the 2015 board compensation year and annual cash retainers earned for service during the first eight months of the 2016 board compensation year. Messrs. Ammann, Angelakis, Brun, and Tan, and Ms. Carter joined the Board as of November 1, 2015. Ms. Wilderotter joined the Board as of February 10, 2016.

(2) Committee chair fees are calculated based on service during each board compensation year. The dollar amounts shown include such fees earned for service during the 2015 board compensation year and fees earned for service during the first eight months of the 2016 board compensation year.

(3) Additional meeting fees are calculated based on the number of designated board meetings and the number of committee meetings attended during each board compensation year. The dollar amounts shown include additional meeting fees earned for meetings attended during the 2015 board compensation year and additional meeting fees earned for meetings attended during the first eight months of the 2016 board compensation year.

Corporate Governance (continued)

Additional Information about Non-Employee Director Equity Awards

The following table provides additional information regarding non-employee director equity awards, including the stock awards and option awards made to non-employee directors during fiscal 2016, the grant date fair value of each of those awards, and the number of stock awards and option awards outstanding as of the end of fiscal 2016:

Name	Stock Awards Granted During Fiscal 2016 (#)	Grant Date Fair Value of Stock and Option Awards Granted During Fiscal 2016[1] ($)	Stock Awards Outstanding at Fiscal Year End[2] (#)	Option Awards Outstanding at Fiscal Year End (#)
Patricia F. Russo	10,169	175,008	47,112	—
Daniel Ammann	10,169	175,008	14,353	—
Marc L. Andreessen	10,169	175,008	90,286	—
Michael J. Angelakis	10,169	175,008	14,353	—
Leslie A. Brun	10,169	175,008	14,353	—
Pamela L. Carter	10,169	175,008	14,353	—
Klaus Kleinfeld	10,169	175,008	10,225	35,177
Raymond J. Lane	10,169	175,008	10,225	359,706
Raymond E. Ozzie	10,169	175,008	10,225	—
Gary M. Reiner	10,169	175,008	10,225	186,840
Lip-Bu Tan	10,169	175,008	14,353	—
Mary Agnes Wilderotter	10,169	175,008	10,225	—

[1] Represents the grant date fair value of stock and option awards granted in fiscal 2016 calculated in accordance with applicable accounting standards. For awards of RSUs, that number is calculated by multiplying the closing price of HPE's stock on the date of grant by the number of units awarded. For information on the assumptions used to calculate the fair value of the awards, refer to Note 5 to our ''Consolidated & Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, as filed with the SEC on December 15, 2016.

[2] Includes dividend equivalent units accrued with respect to outstanding awards of RSUs during fiscal 2016.

Non-employee Director Stock Ownership Guidelines

Under our stock ownership guidelines, non-employee directors are required to accumulate, within five years of election to the Board, shares of Hewlett Packard Enterprise stock equal in value to at least five times the amount of their annual cash retainer. Service on the HP Co. Board of Directors immediately prior to the separation is recognized for purposes of such five-year period. Shares counted toward these guidelines include any shares held by the director directly or indirectly, including deferred vested awards.

All non-employee directors with more than five years of service have met our stock ownership guidelines and all non-employee directors with less than five years of service have either met, or are on track to meet, our stock ownership guidelines within the required time based on current trading prices of HPE's stock.

STOCK OWNERSHIP INFORMATION

Common Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of December 31, 2016 concerning beneficial ownership by:

- holders of more than 5% of Hewlett Packard Enterprise's outstanding shares of common stock;
- our directors and nominees;
- each of the named executive officers listed in the Summary Compensation Table on page 73; and
- all of our directors and executive officers as a group.

The information provided in the table is based on our records, information filed with the SEC and information provided to Hewlett Packard Enterprise, except where otherwise noted.

The number of shares beneficially owned by each entity or individual is determined under SEC rules, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the entity or individual has sole or shared voting or investment power and also any shares that the entity or individual has the right to acquire as of February 29, 2017 (60 days after December 31, 2016) through the exercise of any stock options, through the vesting and settlement of RSUs payable in shares, or upon the exercise of other rights. Beneficial ownership excludes options or other rights vesting after February 29, 2017 and any RSUs vesting or settling on or before February 29, 2017 that may be payable in cash or shares at Hewlett Packard Enterprise's election. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

Beneficial Ownership Table

NAME OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED	PERCENT OF COMMON STOCK OUTSTANDING
BlackRock[1]	93,619,671	5.6%
Dodge & Cox[2]	217,529,528	12.5%
The Vanguard Group[3]	102,891,625	5.9%
Daniel Ammann	4,128	*
Marc L. Andreessen[4]	95,722	*
Michael J. Angelakis[5]	38,128	*
Leslie A. Brun	4,128	*
Pamela L. Carter	4,128	*
Klaus Kleinfeld[6]	47,739	*
Raymond J. Lane[7]	523,442	*
Ann M. Livermore[8]	70,444	*
Raymond E. Ozzie	19,442	*
Gary M. Reiner[9]	219,216	*
Patricia F. Russo[10]	52,206	*
Lip-Bu Tan	7,694	*
Margaret C. Whitman[11]	8,029,653	*
Mary A. Wilderotter	—	*
Christopher P. Hsu[12]	631,318	*
Michael G. Nefkens[13]	1,596,332	*
Antonio F. Neri[14]	621,963	*
Timothy C. Stonesifer[15]	311,279	*
Robert Youngjohns[16]	311,871	*
All current executive officers and directors as a group (23 persons)[17]	14,298,063	*

* Represents holdings of less than 1% based on 1,664,856,442 outstanding shares of common stock as of December 31, 2016.

[1] Based on the most recently available Schedule 13G/A filed with the SEC on January 23, 2017 by BlackRock, Inc. According to its Schedule 13G/A, BlackRock, Inc. reported having sole voting power over 79,270,720 shares, shared voting power over 4,184 shares, sole dispositive power over 93,615,487 shares and shared dispositive power over 4,184 shares beneficially owned. The Schedule 13G/A contained information as of December 31, 2016 and may not reflect current holdings of HPE's stock. The address for BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

[2] Based on the most recently available Schedule 13G/A filed with the SEC on February 12, 2016 by Dodge & Cox. According to its Schedule 13G/A, Dodge & Cox reported having sole voting power over 209,665,719 shares, shared voting power over no shares, sole dispositive power over 217,529,528 shares and shared dispositive power over no shares. The securities reported on the Schedule 13G/A are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts, and which clients have the right to receive or the power to direct the receipt of dividends from, and the proceeds from the sale of, HPE's stock. The Schedule 13G/A contained information as of December 31, 2015 and may not reflect current holdings of HPE's stock. The address of Dodge & Cox is 555 California Street, 40th Floor, San Francisco, California 94104.

[3] Based on the most recently available Schedule 13G filed with the SEC on February 16, 2016 by The Vanguard Group, Inc. (''Vanguard''). According to its Schedule 13G, Vanguard reported having sole voting power over 3,344,660 shares, shared voting power over 183,000 shares, sole dispositive power over 99,350,489 shares and shared dispositive power over 3,541,136 shares. The Schedule 13G contained information as of December 31, 2015 and may not reflect current holdings of HPE's stock. The address for Vanguard is The Vanguard Group, 100 Vanguard Blvd., Malvern, PA 19355.

[4] Includes 80,062 shares that Mr. Andreessen elected to defer receipt of until the termination of his service as a member of the Board.

[5] Represents 38,128 shares that Mr. Angelakis holds indirectly with his spouse.

[6] Includes 35,177 shares that Mr. Kleinfeld has the right to acquire by exercise of stock options.

(7) Includes 359,706 shares that Mr. Lane has the right to acquire by exercise of stock options.

(8) Includes 56,727 shares that Ms. Livermore holds indirectly through a trust with her spouse.

(9) Includes 186,840 shares that Mr. Reiner has the right to acquire by exercise of stock options.

(10) Includes 36,888 shares that Ms. Russo elected to defer receipt of until the termination of her service as a member of the Board.

(11) Includes 66 shares held by Ms. Whitman indirectly through a trust and 6,733,615 shares that Ms. Whitman has the right to acquire by exercise of stock options.

(12) Includes 446,543 shares that Mr. Hsu has the right to acquire by exercise of stock options.

(13) Includes 1,012,000 shares held by Mr. Nefkens indirectly through a trust and 1,154,044 shares that Mr. Nefkens has the right to acquire by exercise of stock options.

(14) Includes 434,128 shares that Mr. Neri has the right to acquire by exercise of stock options.

(15) Includes 167,844 shares that Mr. Stonesifer has the right to acquire by exercise of stock options.

(16) Includes 104,475 shares that Mr. Youngjohns has the right to acquire by exercise of stock options.

(17) Includes 10,982,152 shares that current executive officers and directors have the right to acquire.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires our directors, executive officers and holders of more than 10% of Hewlett Packard Enterprise’s stock to file reports with the SEC regarding their ownership and changes in ownership of our securities. Based upon our examination of the copies of Forms 3, 4, and 5, and amendments thereto furnished to us and the written representations of our directors, executive officers and 10% stockholders, we believe that, during fiscal 2016, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements.

RELATED PERSONS TRANSACTIONS POLICIES AND PROCEDURES

We have adopted a written policy for approval of transactions between us and our directors, director nominees, executive officers, beneficial owners of more than five percent (5%) of Hewlett Packard Enterprise’s stock, and their respective immediate family members where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single 12-month period and such ‘‘related persons’’ have or will have a direct or indirect material interest (other than solely as a result of being a director or a less than ten percent (10%) beneficial owner of another entity).

The policy provides that the NGSR Committee reviews certain transactions subject to the policy and decides whether or not to approve or ratify those transactions. In doing so, the NGSR Committee determines whether the transaction is in the best interests of Hewlett Packard Enterprise. In making that determination, the NGSR Committee takes into account, among other factors it deems appropriate:

- the extent of the related person’s interest in the transaction;
- whether the transaction is on terms generally available to an unaffiliated third party under the same or similar circumstances;
- the benefits to Hewlett Packard Enterprise;
- the impact or potential impact on a director’s independence in the event the related party is a director, an immediate family member of a director or an entity in which a director is a partner, 10% stockholder or executive officer;
- the availability of other sources for comparable products or services; and
- the terms of the transaction.

The NGSR Committee has delegated authority to the chair of the NGSR Committee to pre-approve or ratify transactions where the aggregate amount involved is expected to be less than $1 million. A summary of any new transactions pre-approved by the chair is provided to the full NGSR Committee for its review at each of the NGSR Committee's regularly scheduled meetings.

The NGSR Committee has adopted standing pre-approvals under the policy for limited transactions with related persons.

Pre-approved transactions include:

1. compensation of executive officers that is excluded from reporting under SEC rules where the HRC Committee approved (or recommended that the Board approve) such compensation;

2. director compensation;

3. transactions with another company with a value that does not exceed the greater of $1 million or 2% of the other company's annual revenues, where the related person has an interest only as an employee (other than executive officer), director or beneficial holder of less than 10% of the other company's shares;

4. contributions to a charity in an amount that does not exceed $1 million or 2% of the charity's annual receipts, where the related person has an interest only as an employee (other than executive officer) or director; and

5. transactions where all stockholders receive proportional benefits.

A summary of new transactions covered by the standing pre-approvals described in paragraphs 3 and 4 above is provided to the NGSR Committee for its review in connection with that committee's regularly scheduled meetings.

Fiscal 2016 Related Person Transactions

We enter into commercial transactions with many entities for which our executive officers or directors serve as directors and/or executive officers in the ordinary course of our business. All of those transactions were pre-approved transactions as defined above or were ratified by the NGSR Committee or our Parent's NGSR Committee. Hewlett Packard Enterprise considers all pre-approved or ratified transactions to have been at arm's-length and does not believe that any of our executive officers or directors had a material direct or indirect interest in any of such commercial transactions. In addition, Mr. Lane's daughter, Kristi Rawlinson, serves as a non-executive employee of Hewlett Packard Enterprise. Prior to becoming an employee in 2013, Ms. Rawlinson previously served as a consultant to ArcSight Inc. and, subsequently, HP Inc., following its acquisition of ArcSight. The amount received by Ms. Rawlinson in her role at Hewlett Packard Enterprise totaled approximately $165,000 in fiscal 2016.

GOVERNANCE DOCUMENTS

We maintain a code of business conduct and ethics for directors, officers and employees known as our Standards of Business Conduct. We also have adopted Corporate Governance Guidelines, which, in conjunction with our Certificate of Incorporation, Bylaws and respective charters of the Board committees, form the framework for our governance. All of these documents are available at investors.hpe.com/governance for review, downloading and printing. We will post on this website any amendments to the Standards of Business Conduct or waivers of the Standards of Business Conduct for directors and executive officers. Stockholders may request free printed copies of our Certificate of Incorporation, Bylaws, Standards of Business Conduct, Corporate Governance Guidelines and charters of the committees of the Board by contacting: Hewlett Packard Enterprise Company, Attention: Investor Relations, 3000 Hanover Street, Palo Alto, California 94304, www.investors.hpe.com/.

COMMUNICATIONS WITH THE BOARD

Individuals may communicate with the Board by contacting: Secretary to the Board of Directors, 3000 Hanover Street, MS 1050, Palo Alto, California 94304, e-mail: bod-hpe@hpe.com.

All directors have access to this correspondence. In accordance with instructions from the Board, the Secretary to the Board reviews all correspondence, organizes the communications for review by the Board and posts communications to the full Board or to individual directors, as appropriate. Our independent directors have requested that certain items that are unrelated to the Board's duties, such as spam, junk mail, mass mailings, solicitations, resumes and job inquiries, not be posted.

Communications that are intended specifically for the Chair of the Board, independent directors or the non-employee directors should be sent to the e-mail address or street address noted above, to the attention of the Chair of the Board.

Proposals To Be Voted On

Proposal No. 1: Election of Directors

On the recommendation of the NGSR Committee, the Board has nominated the 14 persons named below for election as directors this year, each to serve for a one-year term or until the director's successor is elected and qualified.

DIRECTOR NOMINEE EXPERIENCE AND QUALIFICATIONS

The Board annually reviews the appropriate skills and characteristics required of directors in the context of the current composition of the Board, our operating requirements, and the long-term interests of our stockholders. The Board believes that its members should possess a variety of skills, professional experience and backgrounds in order to effectively oversee our business. In addition, the Board believes that each director should possess certain attributes, as reflected in the Board membership criteria described below.

Our Corporate Governance Guidelines contain the current Board membership criteria that apply to nominees recommended for a position on the Board. Under those criteria, members of the Board should have the highest professional and personal ethics and values, consistent with our long-standing values and standards. They should have broad experience at the policy-making level in business, government, education, technology or public service. They should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. In addition, the NGSR Committee takes into account a potential director's ability to contribute to the diversity of background and experience represented on the Board, and it reviews its effectiveness in balancing these considerations when assessing the composition of the Board. Directors' service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all of our stockholders. Although the Board uses these and other criteria as appropriate to evaluate potential nominees, it has no stated minimum criteria for nominees.

The Board believes that all the nominees named below are highly qualified and have the skills and experience required for effective service on the Board. The nominees' individual biographies below contain information about their experience, qualifications and skills that led the Board to nominate them.

All of the nominees have indicated to us that they will be available to serve as directors. In the event that any nominee should become unavailable, the proxy holders, Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, will vote for a nominee or nominees designated by the Board, or the Board may decrease the size of the Board.

There are no family relationships among our executive officers and directors.

✓ **Our Board recommends a vote FOR the election to the Board of each of the following nominees.**

Proposals To Be Voted On (continued)

Our 14 current directors have been nominated for re-election at the annual meeting to hold office until the 2018 annual meeting. The following provides a snapshot of the diversity, skills and experience of our director nominees, followed by summary information about each individual nominee.

Board Diversity

50% of our director nominees are women or racially diverse.

5 are women, including our CEO.

2 are citizens of countries other than the United States.

Our directors possess a diverse range of unique skills and experiences including:

- ✓ Operations and business transformations
- ✓ Sales and marketing
- ✓ Legal, regulatory, and public policy
- ✓ Global business development and strategic planning
- ✓ Extensive background in technology
- ✓ 3 Audit Committee financial experts

Nominee Skills and Experience

Core Qualifications possessed by all of our director nominees

- ✓ High professional and personal ethics, consistent with our long-standing values and standards
- ✓ Sound business judgment
- ✓ Commitment to enhancing stockholder value
- ✓ Ability to devote sufficient time and attention to carry out board duties
- ✓ Leadership experience
- ✓ Broad experience at the policy-making level in business, government, education, technology or public service

12 of our nominees are independent by NYSE standards

11 have technology sector experience

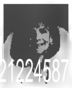
10 have CEO or general management experience

12 have experience serving on other public company boards

7 have investor experience

5 have CFO or significant financial experience

Hewlett Packard Enterprise Company 2017 Board of Directors Nominees

NAME	AGE	HPE DIRECTOR SINCE	NOTEWORTHY EXPERIENCE	NYSE INDEPENDENT	OTHER CURRENT PUBLIC COMPANY BOARDS
Daniel Ammann	44	2015	President, General Motors Company	Yes	
Marc L. Andreessen	45	2015	Co-Founder, AH Capital Management, LLC, doing business as Andreessen Horowitz	Yes	Facebook, Inc.
Michael J. Angelakis	52	2015	Chairman and Chief Executive Officer of Atairos Management; Senior Advisor to the Executive Management Committee, Comcast Corporation; former Vice Chairman and Chief Financial Officer, Comcast Corporation	Yes	Duke Energy Groupon, Inc. TriNet Group, Inc.
Leslie A. Brun	64	2015	Chairman and Chief Executive Officer, Sarr Group, LLC; former Managing Director and Head of Investor Relations for CCMP Capital Advisors, LLC; Founder and former Chairman and Chief Executive Officer for Hamilton Lane Advisors	Yes	CDK Global, Inc. Broadridge Financial Solutions Merck & Co., Inc.
Pamela L. Carter	67	2015	Former Vice President of Cummins Inc.; former President of the Cummins Distribution business unit	Yes	Spectra Energy Corp. CSX Corp.
Klaus Kleinfeld	59	2015	Chairman and Chief Executive Officer, Arconic Inc.; former Chairman and Chief Executive Officer, Alcoa Inc.; former Chief Executive Officer and President, Siemens Corporation	Yes	Arconic Inc. Morgan Stanley
Raymond J. Lane	70	2015	Partner Emeritus, Kleiner Perkins Caufield & Byers Managing Partner, GreatPoint Ventures	Yes	
Ann M. Livermore	58	2015	Former Executive Vice President, Enterprise Business, Hewlett-Packard Company	No	United Parcel Service, Inc. Qualcomm
Raymond E. Ozzie	61	2015	Chief Executive Officer, Talko, Inc.; former Chief Software Architect, Microsoft Corporation	Yes	
Gary M. Reiner	62	2015	Operating Partner, General Atlantic; former Senior Vice President and Chief Information Officer, General Electric Company	Yes	Citigroup Inc. Box, Inc.
 **Patricia F. Russo**	64	2015	Former Chief Executive Officer, Alcatel-Lucent	Yes	Arconic Inc. General Motors Company Merck & Co., Inc. KKR Management LLC
Lip-Bu Tan	57	2015	President and Chief Executive Officer, Cadence Design Systems; Founder and Chairman, Walden International	Yes	Cadence Design Systems Ambarella Inc.* Semiconductor Manufacturing International Corp* Quantenna Communication, Inc.
Margaret C. Whitman	60	2015	President and Chief Executive Officer, Hewlett Packard Enterprise Company; former Chairman, President and Chief Executive Officer, Hewlett-Packard Company	No	The Procter & Gamble Company HP Inc.
Mary A. Wilderotter	62	2016	Former Executive Chairman and Retired Chief Executive Officer, Frontier Communications Corporation	Yes	Costco Wholesale Corporation Juno Therapeutics Inc.

* *Mr. Tan does not intend to seek re-election to the Board of Directors of Ambarella Inc. at the company's 2017 annual meeting of stockholders. In the weeks following the date of this proxy statement, Mr. Tan plans to discuss with Semiconductor Manufacturing International Corp. his future service on its board of directors, in light of his lengthy tenure on such board as well as his desire to re-assess the number of boards on which he serves.*

Daniel Ammann

20DEC201618355953

Recent Career

Mr. Ammann has served as the President of General Motors Company, an automotive company, since January 2014. From April 2011 to January 2014, Mr. Ammann served as Chief Financial Officer and Executive Vice President of General Motors. Mr. Ammann joined General Motors in May 2010 as Vice President of Finance and Treasurer, a role he served in until April 2011.

Committee Membership: Finance and Investment

Public Directorships

None

Key Skills and Qualifications

- significant operational experience in global consumer, manufacturing and financial industries
- valuable insight into customer financial services gained through his leadership over the rebuilding of the captive finance company of General Motors Company
- executive experience helping lead an international, multibillion dollar company through a financial transformation including an initial public offering
- in-depth knowledge of financial statements, instruments, and strategy from roles as Treasurer and CFO at General Motors Company

Marc L. Andreessen

20DEC201620472970

Recent Career

Mr. Andreessen is a co-founder of AH Capital Management, LLC, doing business as Andreessen Horowitz, a venture capital firm founded in July 2009. From 1999 to 2007, Mr. Andreessen served as Chairman of Opsware, Inc., a software company that he co-founded. During a portion of 1999, Mr. Andreessen served as Chief Technology Officer of America Online, Inc., a software company. Mr. Andreessen co-founded Netscape Communications Corporation, a software company, and served in various positions, including Chief Technology Officer and Executive Vice President of Products, from 1994 to 1999.

Committee Membership: Finance and Investment; Technology

Public Directorships *

Current Service

- Facebook, Inc.

Former Service

- eBay
- Hewlett-Packard Company

Key Skills and Qualifications

- extensive experience as an Internet entrepreneur
- recognized expert and visionary in the IT industry
- extensive leadership, consumer industry, and technical expertise
- valuable insight and experience from serving on the boards of both public and private technology companies

* *Facebook, Inc. is an online social networking service, eBay is an e-commerce company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Michael J. Angelakis

20DEC201620155782

Recent Career

Mr. Angelakis has served as Chairman and Chief Executive Officer of Atairos Management, an investment firm, since January 2016. Additionally, Mr. Angelakis has served as a senior advisor to the executive management committee of Comcast Corporation, a media and technology company, since July 2015. Previously, Mr. Angelakis served from November 2011 to July 2015 as Vice Chairman of Comcast and from March 2007 to July 2015 as Chief Financial Officer of Comcast. From 1999 to 2007, Mr. Angelakis was a Managing Director at Providence Equity Partners, LLC, a media and communications investment firm.

Committee Membership: Audit; Finance and Investment (Chair)

Public Directorships *

Current Service

- Duke Energy
- Groupon, Inc.
- TriNet Group, Inc.

Former Service

- NBC Universal

Key Skills and Qualifications

- decades of investment, financial and managerial experience in the media and telecommunications industries
- repeatedly recognized as one of America's best CFOs
- extensive understanding of the financial, operational and technological concerns important to a complex global operation

* *Duke Energy is an energy company, Groupon is an e-commerce company, TriNet Group is a provider of human resource solutions, and NBC Universal is a media and entertainment company.*

Leslie A. Brun

20DEC201618361163

Recent Career

Mr. Brun has served as the Chairman and Chief Executive Officer of Sarr Group, LLC, an investment holding company, since March 2006. He is also a Senior Advisor of G100 Companies as of 2016. From August 2011 to December 2013, Mr. Brun was managing director and head of investor relations for CCMP Capital Advisors, LLC, a private equity firm. Previously, from January 1991 to May 2005, Mr. Brun served as founder, Chairman and Chief Executive Officer for Hamilton Lane Advisors, a private markets investment firm, and from April 1988 to September 1990 as co-founder and managing director of investment banking at Fidelity Bank in Philadelphia.

Committee Membership: Audit; HR and Compensation (Chair)

Public Directorships *

Current Service

- CDK Global, Inc. (Chair)
- Broadridge Financial Solutions (Chair)
- Merck & Co., Inc.

Former Service

- Automatic Data Processing, Inc.

Key Skills and Qualifications

- robust business experience from a long career as an investment banker and CEO
- advisory experience and knowledge of corporate governance from his service as a chairman and director on various public company boards
- valuable financial, management, investor relations, and operational advice and expertise

* *CDK Global, Inc. is a technology solutions company, Broadridge Financial Solutions is a financial industry servicing company, Merck & Co., Inc. is a pharmaceuticals company, and Automatic Data Processing, Inc. is a business outsourcing services company.*

Pamela L. Carter

20DEC201618381601

Recent Career

Pamela Carter has served as President of Cummins Distribution Business, a multi-billion dollar global division of Cummins Inc., a global manufacturer of diesel engines and related technologies. She held this position from 2008 until her retirement in 2015. She served as Vice-President and then President of Cummins Filtration, and as Vice-President for EMEA, as an expatriate living in Belgium from 2000-2007. Prior to that, Ms. Carter served as Vice President and General Counsel from 1997 to 2000.

Before joining Cummins Inc., Ms. Carter was elected Attorney General of the State of Indiana from 1993 to 1997. She is the first female African American to be elected to this position in the United States.

Committee Membership: Audit; HR and Compensation

Public Directorships *

Current Service

- Spectra Energy Corp.
- CSX Corp.

Key Skills and Qualifications

- global, strategic, operational and transformational leadership capability and expertise
- extensive knowledge of corporate governance from her board roles including her service as Corporate Governance Chairwoman and member of the Compensation Committee at Spectra Energy Corp.

* *Spectra Energy Corp. is a natural gas company and CSX Corp, is a rail-based freight transportation company.*

Klaus Kleinfeld

20DEC201618363058

Recent Career

Mr. Kleinfeld is Chairman and Chief Executive Officer of Arconic Inc., global leader in multi-materials innovation, precision engineering and advanced manufacturing for major markets, including airframe structures, aero engines, automotive, commercial transportation and building and construction. Arconic launched on November 1, 2016, when Alcoa Inc. separated into two independent, publicly traded companies: Arconic and Alcoa Corporation. Previously, Mr. Kleinfeld served as Alcoa's Chairman and Executive Officer from 2010, as its President and Chief Executive Officer from 2008 to 2010, and as its President and Chief Operating Officer from 2007 through 2008. Before his tenure at Alcoa, Mr. Kleinfeld served for twenty years at Siemens AG, from 1987 to 2007, in roles which included Chief Executive Officer and President, member of the Managing Board, and Executive Vice President and Chief Operating Officer of Siemens AG's principal U.S. subsidiary, Siemens Corporation.

Committee Membership: HR and Compensation; Nominating, Governance and Social Responsibility

Public Directorships *

Current Service

- Arconic Inc.
- Morgan Stanley

Former Service

- Alcoa Inc.
- Bayer AG
- Hewlett-Packard Company

Key Skills and Qualifications

- extensive international and senior executive experience
- strong leadership and corporate governance experience from his service on other public company boards, including as Chairman of Arconic Inc.
- robust understanding of business development, operations and strategic planning at complex multinational organizations

* *Arconic Inc. is an engineering and manufacturing company, Morgan Stanley is a financial services corporation, Alcoa Inc. was a metals and manufacturing company, Bayer AG is a chemicals and pharmaceuticals company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Raymond J. Lane

20DEC201620160653

Recent Career

Mr. Lane served as executive Chairman of Hewlett-Packard Company from September 2011 to April 2013 and as non-executive Chairman of Hewlett-Packard Company from November 2010 to September 2011. Since April 2013, Mr. Lane has served as Partner Emeritus of Kleiner Perkins Caufield & Byers, a private equity firm, after having previously served as one of its Managing Partners from 2000 to 2013. Mr. Lane also currently serves as Managing Partner of GreatPoint Ventures, a fund focused on using resources more efficiently, living longer and healthier lives, and increasing productivity. Prior to joining Kleiner Perkins, Mr. Lane was President and Chief Operating Officer and a director of Oracle Corporation, a software company. Before joining Oracle in 1992, Mr. Lane was a senior partner of Booz Allen Hamilton, a consulting company. Prior to Booz Allen Hamilton, Mr. Lane served as a division vice president with Electronic Data Systems Corporation, an IT services company that Hewlett-Packard Company acquired in August 2008. He was with IBM Corporation from 1970 to 1977. Mr. Lane served as Chairman of the Board of Trustees of Carnegie Mellon University from July 2009 to July 2015. He also serves as Vice Chairman of Special Olympics International.

Committee Membership: Finance and Investment; Technology

Public Directorships *

Former Service

- Quest Software, Inc.
- Hewlett-Packard Company

Key Skills and Qualifications

- significant experience as an early stage venture capital investor, principally in the information technology industry
- valuable insight into worldwide operations, management and the development of corporate strategy
- corporate governance experience from his service on other public company boards

* *Quest Software, Inc. was a software company before its acquisition by Dell Inc., a computer technology company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Ann M. Livermore

20DEC201620153392

Recent Career

Ms. Livermore served as Executive Vice President of the former HP Enterprise Business from 2004 until June 2011, and served as an Executive Advisor to our Chief Executive Officer between then and 2016. Prior to that, Ms. Livermore served in various other positions with Hewlett-Packard Company in marketing, sales, research and development, and business management since joining the company in 1982.

Committee Membership: Finance and Investment

Public Directorships *

Current Service

- United Parcel Service, Inc.
- Qualcomm

Former Service

- Hewlett-Packard Company

Key Skills and Qualifications

- extensive experience in senior leadership positions from nearly 35 years at Hewlett-Packard Company
- vast knowledge and experience in the areas of technology, marketing, sales, research and development and business management
- knowledge of enterprise customers and their IT needs
- corporate governance experience from her service on other public company boards

* *United Parcel Service, Inc. is a package delivery and logistics company, Qualcomm is a semiconductor and telecommunications equipment company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Raymond E. Ozzie

20DEC201618380881

Recent Career

Mr. Ozzie is a software entrepreneur who early in his career created a pioneering product for communications and productivity, Lotus Notes. He most recently served as Chief Executive Officer of Talko Inc., a company delivering mobile communications applications and services for business, acquired by Microsoft Corporation in December 2015. Previously, Mr. Ozzie served as Chief Software Architect of Microsoft Corporation from 2006 until December 2010, after having served as Chief Technical Officer of Microsoft from 2005 to 2006. Mr. Ozzie joined Microsoft in 2005 after Microsoft acquired Groove Networks, Inc., a collaboration software company he founded in 1997.

Committee Membership: Finance and Investment; Technology (Chair)

Public Directorships *

Former Service

- Hewlett-Packard Company

Key Skills and Qualifications

- recognized software industry executive and entrepreneur with significant experience in the software industry
- extensive leadership and technical expertise from positions at IBM, Microsoft, Talko, and Groove Networks

* *Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Gary M. Reiner

20DEC201618362303

Recent Career

Mr. Reiner has served as Operating Partner at General Atlantic LLC, a private equity firm, since November 2011. Previously, Mr. Reiner served as Special Advisor to General Atlantic LLC from September 2010 to November 2011. Prior to that, Mr. Reiner served as Senior Vice President and Chief Information Officer at General Electric Company, a technology, media and financial services company, from 1996 until March 2010. Mr. Reiner previously held other executive positions with General Electric since joining the company in 1991. Earlier in his career, Mr. Reiner was a partner at Boston Consulting Group, a consulting company, where he focused on strategic and process issues for technology businesses.

Committee Membership: Finance and Investment; Nominating, Governance and Social Responsibility (Chair); Technology

Public Directorships *

Current Service

- Box Inc.
- Citigroup Inc.

Former Service

- Genpact Limited
- Hewlett-Packard Company

Key Skills and Qualifications

- deep insight into how IT can help global companies succeed through his many years of experience as Chief Information Officer at General Electric
- decades of experience driving corporate strategy, information technology and best practices across complex organizations
- experience in private equity investing, with a particular focus on the IT industry

* *CitiGroup Inc. is an investment banking and financial services corporation, Genpact Limited is an outsourcing and information technology services company, Box Inc. is a software company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Patricia F. Russo

20DEC201621224587

Recent Career

Ms. Russo has served as the Chair of our Board of Directors since November 2015. Previously, Ms. Russo served as the Lead Independent Director of Hewlett-Packard Company from July 2014 to November 2015. Ms. Russo served as Chief Executive Officer of Alcatel-Lucent, a communications company, from 2006 to 2008. Previously, Ms. Russo served as Chairman of Lucent Technologies Inc., a communications company, from 2003 to 2006 and Chief Executive Officer and President of Lucent from 2002 to 2006.

Committee Membership: None

Public Directorships *

Current Service

- Arconic Inc.
- General Motors Company
- Merck & Co., Inc.
- KKR Management LLC

Former Service

- Alcoa Inc.
- Hewlett-Packard Company

Key Skills and Qualifications

- extensive global business experience
- broad understanding of the technology industry
- strong management skills and operational expertise
- executive experience with a wide range of issues including mergers and acquisitions and business restructurings as she led Lucent's recovery through a severe industry downturn and later a merger with Alcatel
- strong leadership and corporate governance experience from robust service on other public company boards

* *Arconic Inc. is an engineering and manufacturing company, General Motors Company is an automotive company, Merck & Co., Inc. is a pharmaceuticals company, KKR Management LLC is the managing partner of KKR & Co., L.P., an investment firm, Alcoa Inc. is a metals and manufacturing company, and Hewlett-Packard Company (now HP Inc.) is an information technology company and the former parent of Hewlett Packard Enterprise.*

Lip-Bu Tan

20DEC201618363833

Recent Career

Mr. Tan has served as the President and Chief Executive Officer of Cadence Design Systems, an electronic design automation company, since 2009. Mr. Tan has also served as Founder and Chairman of Walden International, a venture capital firm, since 1987.

Committee Membership: Nominating, Governance and Social Responsibility; Technology

Public Directorships *

Current Service

- Cadence Design Systems
- Ambarella Inc. (does not intend to seek re-election for upcoming board year)
- Semiconductor Manufacturing International Corp.†
- Quantenna Communication, Inc.

Former Service

- SINA
- Flextronics International
- Inphi Corporation
- United Overseas Bank in Singapore

Key Skills and Qualifications

- decades of experience pioneering venture capital investment in technology in the Asia-Pacific region
- corporate governance experience from service on numerous public and private boards of technology companies
- robust understanding of the electronic design and semiconductor industries
- extensive experience analyzing investments, managing companies and leading developments in the global technology industry

* *Cadence Design Systems is an electronic design automation company, Ambarella Inc. is a video compression and image processing company (Mr. Tan does not intend to seek re-election to the board of directors of Ambarella, Inc. at its 2017 annual meeting of stockholders), Quantenna Communication, Inc. is a WiFi fabless semiconductor company, Semiconductor Manufacturing International Corp. is a semiconductor company, SINA is a media company, Flextronics International is an electronics manufacturing company, Inphi Corporation is a semiconductor company, and United Overseas Bank in Singapore is a bank.*

† *In the weeks following the date of this proxy statement, Mr. Tan plans to discuss with Semiconductor Manufacturing International Corp. his future service on its board of directors, in light of his lengthy tenure on such board as well as his desire to re-assess the number of boards on which he serves.*

Margaret C. Whitman

20DEC201620155360

Recent Career

Ms. Whitman has served as President and Chief Executive Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chair of Hewlett-Packard Company from July 2014 to November 2015 and President and Chief Executive Officer of Hewlett-Packard Company from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Prior to joining eBay, Ms. Whitman held executive-level positions at Hasbro Inc., a toy company, FTD, Inc., a floral products company, The Stride Rite Corporation, a footwear company, The Walt Disney Company, an entertainment company, and Bain & Company, a consulting company.

Committee Membership: None

Public Directorships *

Current Service

- The Procter & Gamble Company
- HP Inc.

Former Service

- Zipcar, Inc.

Key Skills and Qualifications

- unique experience in developing transformative business models, building global brands and driving sustained growth and expansion
- strong operational and strategic expertise built during executive positions at Hewlett-Packard Company and eBay
- public company governance experience from service on various public boards

* *The Procter & Gamble Company is a consumer goods company, HP Inc. is a technology company and the former parent of Hewlett Packard Enterprise, and Zipcar, Inc. is a car sharing service.*

Mary Agnes Wilderotter

20DEC201620473426

Recent Career

Mary Agnes Wilderotter has served as Executive Chairman of Frontier Communications Corporation, a telecommunications company, from April 2015 to April 2016. Previously, Mrs. Wilderotter served as Chairman and Chief Executive Officer of Frontier from January 2006 to April 2015. From 2004 to 2006, Mrs. Wilderotter served as President, Chief Executive Officer, and a Director of Frontier. Prior to joining Frontier, Mrs. Wilderotter served in executive and managerial roles at Wink Communications and Microsoft Corporation, both software companies and AT&T Wireless Services Inc., a telecommunications company.

Committee Membership: Audit (Chair); HR and Compensation

Public Directorships *

Current Service

- Costco Wholesale Corporation
- Juno Therapeutics Inc.

Former Service

- Frontier Communications Corporation
- Dreamworks Animation SKG, Inc.
- Xerox Corporation
- The Procter & Gamble Company

Key Skills and Qualifications

- expertise leading and managing companies in the telecommunications and technology industries
- in-depth understanding of financial statements and public company audit from her role as CEO of Frontier Communications, Chair of the Audit Committee of Juno Therapeutics, member of the Audit Committee of Procter & Gamble, and Chair of the Finance Committee of Xerox
- strong leadership and corporate governance experience from robust service on other public company boards
- valuable insight into the financial, operational, and strategic questions addressed by the Board

* *Costco Wholesale Corporation is a retail company, Juno Therapeutics Inc. is a biopharmaceuticals company, Frontier Communications Corporation is a telecommunications company, DreamWorks Animation SKG, Inc. was a content and animation company, Xerox Corporation is a technology company, and The Procter & Gamble Company is a consumer goods company.*

VOTE REQUIRED

Each director nominee who receives more ‘‘FOR’’ votes than ‘‘AGAINST’’ votes representing shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting will be elected.

If you sign your proxy or voting instruction card but do not give instructions with respect to voting for directors, your shares will be voted by Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, as proxy holders. If you wish to give specific instructions with respect to voting for directors, you may do so by indicating your instructions on your proxy or voting instruction card.

DIRECTOR ELECTION VOTING STANDARD AND RESIGNATION POLICY

Our Bylaws provide for a majority vote standard in the uncontested election of directors, meaning that, for a nominee to be elected, the number of shares voted ‘‘for’’ the nominee must exceed the votes cast ‘‘against’’ the nominee’s election. Stockholders are not permitted to cumulate their votes in favor of one or more director nominees. In addition, we have adopted a policy whereby any incumbent director nominee who receives a greater number of votes ‘‘against’’ his or her election than votes ‘‘for’’ such election will tender his or her resignation for consideration by the NGSR Committee. The NGSR Committee will recommend to the Board the action to be taken with respect to such offer of resignation.

Proposal No. 2: Ratification of Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed, and as a matter of good corporate governance, is requesting ratification by the stockholders of, Ernst & Young LLP as the independent registered public accounting firm to audit our consolidated and combined financial statements for the fiscal year ending October 31, 2017. During fiscal 2016, Ernst & Young LLP served as our independent registered public accounting firm and also provided certain other audit-related and tax services. See ''Principal Accounting Fees and Services'' on page 88 and ''Report of the Audit Committee of the Board of Directors'' on page 90. Representatives of Ernst & Young LLP are expected to participate in the annual meeting, where they will be available to respond to appropriate questions and, if they desire, to make a statement.

VOTE REQUIRED

Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year requires the affirmative vote of a majority of the shares of Hewlett Packard Enterprise common stock present in person or represented by proxy and entitled to be voted at the annual meeting. If the appointment is not ratified, the Board will consider whether it should select another independent registered public accounting firm.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✓ **Our Board recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2017 fiscal year.**

Proposal No. 3: Advisory Vote to Approve Executive Compensation

Our Board of Directors (the ‘‘Board’’) and HR and Compensation Committee of the Board (the ‘‘HRC Committee’’) are committed to excellence in corporate governance and to executive compensation programs that align the interests of our executives with those of our stockholders. To fulfill this mission, we have a pay-for-performance philosophy that forms the foundation for all decisions regarding compensation. Our compensation programs have been structured to balance near-term results with long-term success, and enable us to attract, retain, focus, and reward our executive team for delivering stockholder value. Below is a summary of key elements of our fiscal compensation programs relative to this philosophy.

PAY-FOR-PERFORMANCE

- The ***majority*** of compensation for executives is ***performance based*** and delivered in the form of equity, in order ***to align management and stockholder interests***
- Total direct compensation is generally ***targeted*** within a competitive range of the market ***median,*** with differentiation by individual executive, as appropriate, based on executive-specific factors such as tenure, value of the role and proficiency in the role, sustained performance over time, and importance to our leadership succession plans
- ***Target pay positioning*** and ***actual realized*** total direct compensation are designed to fluctuate with, and be ***commensurate with, actual annual and long-term performance,*** and changes in stockholder value over time
- ***Incentive awards*** are heavily dependent upon our stock performance, and are primarily measured against ***objective metrics*** that we believe ***link*** directly or indirectly ***to the creation of sustainable value*** for our stockholders
- We balance growth and return objectives, top and bottom line objectives, and short- and long-term objectives to ***reward for overall performance*** that creates balance and does not overemphasize a singular focus
- A significant portion of our long-term incentives is delivered in the form of ***PARSUs***, which vest only upon the achievement of ***RTSR*** and ***ROIC*** objectives
- We validate our ***pay-for-performance*** relationship on an annual basis through an analysis conducted by the HRC Committee’s independent compensation consultant

CORPORATE GOVERNANCE

What We Do

✓ Design compensation programs that do not encourage imprudent risk-taking
✓ Maintain stock ownership guidelines for executive officers, including a rigorous 7x base salary requirement for the CEO
✓ Provide limited executive perquisites
✓ Prohibit hedging or pledging of Company stock
✓ Maintain a clawback policy that permits the Board to recover annual and long-term incentives
✓ Maintain a severance policy that provides for ''double-trigger'' change of control equity vesting
✓ Engage an independent compensation consultant for the HRC Committee that does no other work for the Company

What We Don't Do

✘ Enter into individual executive compensation agreements
✘ Provide tax gross-ups for executive perquisites
✘ Pay share-dividend equivalents in our long-term incentive program before the vesting of the underlying shares occurs
✘ Provide supplemental defined benefit pension plans (except in the case of international transfers)

The Executive Compensation portion of this proxy statement contains a detailed description of our compensation philosophy and programs, the compensation decisions made under those programs with regard to our named executive officers (''NEOs''), and the factors considered by the HRC Committee in making those decisions for Fiscal 2016. We believe that we maintain a compensation program deserving of stockholder support. Accordingly, the Board of Directors recommends stockholder approval of the compensation of our NEOs as disclosed in this proxy statement.

✓ **Our Board recommends a vote FOR the approval of the compensation of our named executive officers, including the Compensation Discussion and Analysis, the compensation tables and narrative discussion following such compensation tables, and the other related disclosures in this proxy statement.**

Proposal No. 4: 162(m)-Related Provisions of 2015 Company Stock Incentive Plan

HPE sponsors the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (as amended and restated on January 25, 2017) (the ''Plan''). Prior to the separation of HPE from Hewlett-Packard Company (''HP''), the Plan was approved by the pre-separation stockholder of HPE. The Plan has been subsequently amended from time to time.

Our Board is now asking HPE stockholders to approve the provisions of the Plan that are required to be approved by stockholders in order for HPE to continue to be eligible for a federal tax deduction for ''performance-based compensation'' paid to certain of HPE's officers pursuant to the Plan under Section 162(m) of the Internal Revenue Code of 1986, as amended (the ''Code'').

Section 162(m) of the Code generally disallows a tax deduction to public companies for any year for compensation in excess of $1 million paid to a company's chief executive officer or any of the three other most highly compensated officers excluding the chief financial officer (collectively, the ''Covered Officers''). ''Performance-based compensation'' is specifically exempt from the deduction limit if it otherwise meets the requirements of Section 162(m) of the Code.

With stockholder approval of the provisions, HPE may continue to make grants or pay cash amounts to Covered Officers (and other officers who may reasonably be expected to be a Covered Officer when the relevant compensation is paid) that are intended to constitute ''performance-based compensation'' and take federal tax deductions for amounts paid in connection with the grants and cash payments. If our stockholders fail to approve of the relevant provisions, then the Plan and HPE's grants thereunder will continue, except that HPE will no longer make grants under the Plan to Covered Officers (and other officers who may reasonably be expected to be a Covered Officer when the relevant compensation is paid) to the extent the grants are intended to constitute ''performance-based compensation'' for purposes of Section 162(m) of the Code. Nothing in the Plan limits HPE's right to make grants that are not considered ''performance-based compensation'' and exceed the deduction limit set forth in Section 162(m) of the Code, but if the stockholders fail to approve the relevant provisions of the Plan, no employee has a guaranteed right to any grant as a substitute for a grant that would have constituted ''performance-based compensation'' if the stockholders had approved the relevant provisions of the Plan.

Summary of the Provisions of the Plan Required to be Approved by Stockholders for Purposes of Section 162(m) of the Code

Stockholder approval of this proposal will constitute stockholder approval of specific provisions described below. The following summary of the provisions of the Plan related to Section 162(m) of the Code does not purport to be a complete description of all of the provisions of the Plan. It is qualified in its entirety by reference to the complete text of the Plan, which has been filed with the SEC as Annex A to this proxy statement. Any HPE stockholder who wishes to obtain a copy of the Plan may do so upon written request to the Secretary at HPE's principal executive offices.

Eligibility. Grants may be made under the Plan to employees of HPE and its affiliates and to non-employee directors. Incentive stock options may be granted only to employees of HPE or its subsidiaries. As of October 31, 2016, there were approximately 80,000 employees and thirteen non-employee directors eligible to receive grants under the Plan. The Administrator (as defined below), in its discretion, selects the employees to whom grants may be made, the time or times at which the grants are made, and the terms of the grants. Grants for non-employee director are not subject to Section 162(m) of the Code and are described below.

Section 162(m) Share and Dollar Limitations. One of the requirements for full deduction of ‘‘performance-based compensation’’ under a plan is that there must be a limit to the number of shares delivered or cash paid to any one individual under the plan. Accordingly, the Plan provides that no grantee may be granted awards covering more than 6,000,000 shares in any calendar year, except that a grantee may be granted awards covering up to an additional 4,000,000 shares in connection with his or her initial service with HPE. The maximum cash amount payable to a grantee pursuant to the Plan for any fiscal year that is intended to satisfy the requirements for ‘‘performance-based compensation’’ under Section 162(m) of the Code may not exceed $15,000,000.

Qualifying Performance Criteria. For purposes of the Plan, qualifying performance criteria means any one or more of the performance criteria listed below, either individually, alternatively or in combination, applied to either HPE as a whole or to a business unit, affiliate or business segment, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis, or relative to a pre-established target, to previous years’ results or to a designated comparison group, in each case as specified by the Administrator in the grant agreement (which may be in the form of a separate plan or program adopted by HPE or an affiliate). The qualifying performance criteria for grants (other than options and stock appreciation rights) made under the Plan that are designed to qualify for the performance-based exception from the tax deductibility limitations of Section 162(m) of the Code and are to be based on one or more of the following measures: (1) cash flow (including operating cash flow or free cash flow) or cash conversion cycle; (2) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings); (3) earnings per share; (4) growth in earnings or earnings per share, cash flow, revenue, gross margin, operating expense or operating expense as a percentage of revenue; (5) stock price; (6) return on equity or average stockholder equity; (7) total stockholder return; (8) return on capital; (9) return on assets or net assets; (10) return on investment; (11) revenue (on an absolute basis or adjusted for currency effects); (12) net profit or net profit before annual bonus; (13) income or net income; (14) operating income or net operating income; (15) operating profit, net operating profit or controllable operating profit; (16) operating margin, operating expense or operating expense as a percentage of revenue; (17) return on operating revenue; (18) market share or customer indicators; (19) contract awards or backlog; (20) overhead or other expense reduction; (21) growth in stockholder value relative to the moving average of the S&P 500 Index, a peer group index or another index; (22) credit rating; (23) strategic plan development and implementation, attainment of research and development milestones or new product invention or innovation; (24) succession plan development and implementation; (25) improvement in productivity or workforce diversity; (26) attainment of objective operating goals and employee metrics; and (27) economic value added. To the extent consistent with Section 162(m) of the Code, performance criteria may be adjusted to exclude, (A) asset write-downs, (B) litigation or claim judgments or settlements; (C) the effect of changes in tax law, accounting principles or other laws or provisions affecting reported results; (D) accruals for reorganization or restructuring programs; and (E) unusual or infrequently occurring or special items.

Summary of the Remaining Provisions of the Plan

The remaining principal features of the Plan are summarized below. The following summary of the remaining provisions of the Plan does not purport to be a complete description of all of the provisions of the Plan. It is qualified in its entirety by reference to the complete text of the Plan, which has been filed with the SEC as Annex A to this proxy statement.

General. The purpose of the Plan is to encourage ownership in HPE by key personnel whose continued service is considered essential to HPE’s continued progress, and thereby align grantees’ and stockholders’ interests. Stock options, stock appreciation rights, stock grants (including stock units), and cash awards may be granted under the Plan. Options granted under the Plan may be either ‘‘incentive stock options,’’ as defined in Section 422 of the Code, or non-statutory stock options.

Administration. The Plan may be administered by the Board, a committee appointed by the Board or its delegate (as applicable, the ‘‘Administrator’’). The HR and Compensation Committee of the Board currently serves as Administrator.

Shares Available. The Plan authorizes the delivery of 210,000,000 shares of HPE stock. **This number was reduced from 260,000,000 shares as of January 25, 2017**, and represents approximately 13% of HPE's 1,666,739,264 outstanding shares as of October 31, 2016. Of the 210,000,000 shares authorized under the Plan, 62,195,141 shares remained available for future grants as of January 25, 2017, assuming that outstanding performance-based restricted units pay out at target. For the fiscal year ended October 31, 2016, HPE made grants representing a total of 58,141,763 shares as stock grants to its employees, including one-time retention grants, with a total grant date fair value of approximately $137 million, made to HPE's executives to ensure continuity after the separation from HP.

As of October 31, 2016, there were a total of 57,498,372 outstanding stock options under the Plan, including 42,579,442 Converted Grants (as defined below). Converted grants are grants that were originally issued in respect of stock of HP prior to HPE's separation from HP, and were converted to HPE stock in connection with the separation using the ratio determined under Article V of the Employee Matters Agreement, dated as of October 31, 2015, by and between HP and HPE (the ‘‘Converted Grants’’).

The weighted-average exercise price of all options outstanding under the Plan is $15, and the weighted-average remaining term for these options is 5.4 years.

As of October 31, 2016, there were a total of 2,502,578 unvested shares of restricted stock and a total of 57,321,201 unvested restricted stock units (one unit equals one share of HPE stock), granted under the Plan. Of the unvested restricted stock units described in the preceding sentence, 42,012,007 unvested restricted stock units are Converted Grants.

Terms and Conditions of Options and Stock Appreciation Rights. Each option or stock appreciation right is evidenced by a grant agreement between HPE and the grantee and is subject to the following additional terms and conditions:

Exercise Price. The Administrator determines the exercise price of options and stock appreciation rights at the time the grant is made. The exercise price per share of a stock option or stock appreciation right may not be less than 100% of the fair market value of a share of common stock on the date the grant is made, although replacement grants with lower exercise prices may be made to service providers of entities acquired by HPE. The fair market value of the common stock is the closing quoted sales prices for the common stock on the date the grant is made (or if no sales were reported that day, the last preceding day a sale occurred). As of January 25, 2017, the closing quoted sales prices of HPE common stock was $22.98 per share. No option or stock appreciation right may be repriced to reduce the exercise price without stockholder approval (except in connection with a change in HPE's capitalization, in which case an appropriate proportional adjustment will be made pursuant to the terms of the Plan).

Exercise of Options and Stock Appreciation Rights; Form of Consideration. The Administrator determines when options or stock appreciation rights become exercisable and in its discretion may accelerate the vesting of any outstanding grant. The means of payment for shares issued upon exercise of an option are specified in each option agreement. The Plan permits payment to be made by cash, check, wire transfer, other shares of common stock of HPE (with some restrictions), broker assisted cashless exercises, any other form of consideration permitted by applicable law, or any combination thereof.

Term of Option or Stock Appreciation Right. The term of an option or stock appreciation right may be no more than ten years from the date of grant or 10½ years where permitted in jurisdictions outside of the United States. No option or stock appreciation right may be exercised after the expiration of its term.

Termination of Employment. If a grantee's employment terminates for any reason, then all options and stock appreciation rights held by the grantee under the Plan generally will terminate shortly following the grantee's termination unless determined otherwise by the Administrator.

Other Provisions. The grant agreement may contain other terms, provisions and conditions not inconsistent with the Plan, as may be determined by the Administrator.

Terms and Conditions of Stock Grant. Each stock grant agreement will contain provisions regarding (1) the number of shares subject to the stock grant or a formula for determining that number, (2) the purchase price of the shares, if any, and the means of payment for the shares, (3) the performance criteria, if any, and level of achievement versus these criteria that will determine the number of shares granted, issued, retainable or vested, as applicable, (4) any terms and conditions on the grant, issuance, and forfeiture of the shares, as applicable, as may be determined by the Administrator, (5) restrictions on the transferability of the stock grant, and (6) any further terms and conditions, in each case not inconsistent with the Plan, as may be determined by the Administrator.

Termination of Employment. In the case of stock grants, including stock units, unless the Administrator determines otherwise, the restricted stock or restricted stock unit agreement will provide that the unvested stock or stock units will be forfeited upon the grantee's termination of employment for any reason.

Vesting. The vesting of a stock grant may be subject to performance criteria, continued service of the grantee, or both, as determined by the Administrator.

Dividends. The Administrator may provide that dividends will accrue in respect of unvested stock grants (including stock units) and be paid in connection with the vesting of the grant; provided that **in no case will accrued dividends be paid in connection with unvested stock grants (including stock units) that fail to become vested**.

Non-Employee Director Grants. Non-employee directors are eligible only for annual retainer grants and are not eligible for any other type of grant that is authorized under the Plan. Unless the Board determines otherwise, the non-employee directors will receive their annual equity retainer in the form of restricted stock units that, subject to the Board's discretion to accelerate, vest at the next annual stockholder meeting, or if earlier, one year after the grant. In addition, unless the Board determines otherwise or a director specifically elects otherwise, each non-employee director will receive his or her annual cash retainer in the form of a fully-vested stock grant. The grants relating to the annual equity retainer are granted automatically one month after the beginning of the director's year of service, while stock grants related to the annual cash retainer are automatically granted on the date the cash retainer would be paid. The value of the annual equity retainer granted to a non-employee director for any director plan year is limited to $550,000.

The number of shares subject to stock grants made to non-employee directors is determined by dividing the amount of the retainer to be paid as a stock grant by the fair market value of a share of HPE common stock on the grant date.

Cash Awards. Each cash award agreement (which may be in the form of a separate plan or program adopted by HPE or an affiliate) will contain provisions regarding (1) the target and maximum amount payable to the grantee as a cash award, (2) the performance criteria and level of achievement versus the criteria that will determine the amount of the payment, (3) the period as to which performance shall be measured for establishing the amount of any payment, (4) the timing of any payment earned by virtue of performance, (5) restrictions on the alienation or transfer of the cash award prior to actual payment, (6) forfeiture provisions, and (7) any further terms and conditions, in each case not inconsistent with the Plan, as may be determined by the Administrator. The maximum amount payable as a cash award that is settled for cash may be a multiple of the target amount payable, subject to the limits described above under *Section 162(m) Share and Dollar Limitations.*

Nontransferability. Unless otherwise determined by the Administrator, grants made under the Plan are not transferable other than by will or the laws of descent and distribution and may be exercised during the grantee's lifetime only by the grantee. The Administrator will have the sole discretion to permit the transfer of a grant.

Adjustments Upon Changes in Capitalization, Merger or Sale of Assets. Subject to any required action by HPE's stockholders, (1) the number and kind of shares covered by each outstanding grant, (2) the price per share subject to each outstanding grant, and (3) the number of shares available pursuant to the Plan (and the related grant limits) will be proportionately adjusted for any increase or decrease in the number or kind of issued shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of HPE's stock, or any other increase or decrease in the number of issued shares of HPE's stock effected without receipt of consideration by HPE.

In the event of a liquidation or dissolution, any unexercised options, stock appreciation rights or stock grants will terminate. The Administrator, in its discretion, may provide that each grantee shall have the right to exercise all of the grantee's options or stock appreciation rights, including those not otherwise exercisable, until the date ten days prior to the consummation of the liquidation or dissolution, and be fully vested in any other stock grants.

In the event of a change in control of HPE, as defined in the Plan and determined by the Board or the HR and Compensation Committee, the Board or the committee, in its discretion, may provide for (a) the assumption, substitution or adjustment of each outstanding grant, (b) the acceleration of the vesting of options or stock appreciation rights and termination of any restrictions on stock grants or cash awards, or (c) the cancellation of grants for a cash payment to the grantee.

Amendment and Termination of the Plan. The Administrator may amend, alter, suspend or terminate the Plan, or any part thereof, at any time and for any reason. However, HPE will obtain stockholder approval for any amendment to the Plan to the extent required by applicable laws or stock exchange rules. In addition, without limiting the foregoing, unless approved by HPE stockholders, no amendment shall be made that would: (1) materially increase the maximum number of shares for which grants may be made under the Plan, other than an increase pursuant to a change in HPE's capitalization; (2) reduce the minimum exercise price for options or stock appreciation rights granted under the Plan; (3) reduce the exercise price of outstanding options or stock appreciation rights; or (4) materially expand the class of persons eligible to receive grants under the Plan. No action by the Administrator or stockholders may alter or impair any grant previously made under the Plan without the written consent of the grantee. Unless terminated earlier, the Plan shall terminate ten years from the date of its original approval by the stockholders of HPE; provided that, (a) the Plan's existence will be extended to the tenth anniversary of the approval by the stockholders of HPE of any amendment or addition of shares to the Plan, and (b) the Plan may be terminated earlier by the Administrator as provided in the Plan. Accordingly, absent future action by the stockholders or the Administrator, the Plan will terminate on October 8, 2025.

Plan Benefits

Because benefits under the Plan will depend on the Administrator's actions and the fair market value of common stock at various future dates, it is not possible to determine the benefits that will be received by directors, executive officers and other employees if the Plan is approved by the stockholders.

U.S. Federal Income Tax Consequences

Incentive Stock Options. A grantee who is granted an incentive stock option does not recognize taxable income at the time the option is granted, upon vesting, or upon exercise, although the difference between the exercise price and the fair market value on the date of exercise is an adjustment item for alternative minimum tax purposes and may subject the grantee to the alternative minimum tax. Upon a disposition of the shares more than two years after grant of the option and one year after exercise of the option, the grantee will recognize long-term capital gain or loss equal to the difference between the sale price and the exercise price. If the holding periods are not satisfied, then: (1) if the sale price exceeds the exercise price, the grantee will recognize capital gain equal to the excess of the sale price over the fair market value of the shares on the date of exercise and will recognize ordinary income equal to the difference, if any, between the fair market value of the shares on the exercise date and the exercise price; or (2) if the sale price is less than the exercise price, the grantee will recognize a capital loss equal to the difference between the exercise price and the sale price. Unless limited by Section 162(m) of the Code, HPE is entitled to a deduction in the same amount as and at the time the grantee recognizes ordinary income.

Non-Statutory Stock Options. A grantee does not recognize any taxable income at the time a non-statutory stock option is granted or upon vesting. Upon exercise, the grantee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Any taxable income recognized in connection with an option exercise by an employee of HPE is subject to tax withholding by HPE. Unless limited by Section 162(m) of the Code, HPE is entitled to a deduction in the same amount as and at the time the grantee recognizes ordinary income. Upon a sale or other disposition of the shares at arm’s length by the grantee, any difference between the sale price and the exercise price, to the extent not recognized as taxable income as provided above, is treated as long-term or short-term capital gain or loss, depending on the holding period.

Stock Appreciation Rights. Stock appreciation rights will generally be taxed in the same manner as non-statutory stock options. Unless limited by Section 162(m) of the Code, HPE is entitled to a corresponding deduction.

Stock Grants. A restricted stock grant is subject to a ‘‘substantial risk of forfeiture’’ within the meaning of Section 83 of the Code to the extent the grant will be forfeited in the event that the grantee ceases to provide services to HPE. As a result of this substantial risk of forfeiture, the grantee will not recognize ordinary income at the time of grant. Instead, the grantee will recognize ordinary income on the dates when the stock is no longer subject to a substantial risk of forfeiture, or when the stock becomes transferable, if earlier (the ‘‘vesting date’’). The grantee’s ordinary income is measured as the difference between the amount paid for the stock, if any, and the fair market value of the stock on the vesting date.

The grantee may accelerate his or her recognition of ordinary income, if any, and begin his or her capital gains holding period by timely filing (i.e., within thirty days of the grant) an election pursuant to Section 83(b) of the Code. In that case, the ordinary income recognized, if any, is measured as the difference between the amount paid for the stock, if any, and the fair market value of the stock on the date of grant.

Any stock grants that are fully vested on the grant date will generally be taxable to the grantee as ordinary income (based on the excess of the fair market value over the purchase price, if any) on the grant date.

The ordinary income recognized by an employee in connection with a stock grant will be subject to tax withholding by HPE. Unless limited by Section 162(m) of the Code, HPE is entitled to a deduction in respect of stock grants in the same amount as and at the time the grantee recognizes ordinary income.

Upon a sale or other disposition of shares at arm’s length by the grantee, any difference between the sale price and the grantee’s tax basis (usually the value of the shares at the time of vesting), is treated as long-term or short-term capital gain or loss, depending on the holding period.

Stock Units and Performance-based Units. A grantee does not recognize any taxable income at the time a stock unit is granted. Generally, restricted stock units, including performance-based units, will be subject to income taxation based upon the fair market value of the shares underlying the units on each date shares are delivered or made available to the grantee. The ordinary income recognized by an employee will be subject to tax withholding by HPE. Unless limited by Section 162(m) of the Code, HPE is entitled to a deduction in the same amount as and at the time the grantee recognizes ordinary income. Upon a sale or other disposition of shares at arm’s length by the grantee, any difference between the sale price and the grantee’s tax basis (usually the value of the shares at the time of settlement), is treated as long-term or short-term capital gain or loss, depending on the holding period.

Cash Awards. The recipient will have taxable ordinary income, in the year of receipt, equal to the amount of cash received. Any cash received by an employee of HPE will be subject to tax withholding by HPE. Unless limited by Section 162(m) of the Code, HPE will be entitled to a tax deduction in the amount and at the time the grantee recognizes compensation income.

The foregoing is only a summary of the effect of U.S. federal income taxation upon grantees and HPE with respect to the grant and the exercise thereof under the Plan based on the U.S. Federal income tax laws in effect as of the date of this proxy statement. It does not intend to be exhaustive and does not discuss the tax consequences arising in the context of a grantee’s death, or the income tax laws of any municipality, state or foreign country in which the grantee’s income or gain may be taxable or the gift, estate, excise (including application of Sections 409A, 280G or 4999 of the Code), or any tax law other than U.S. federal income tax law. Because individual circumstances may vary, HPE advises all recipients to consult their own tax advisors concerning the tax implications of grants made under the Plan.

VOTE REQUIRED

Approval of the provisions of the Plan that are required to be approved by stockholders in order for HPE to continue to be eligible for a tax deduction for grants to Covered Employees that are intended to constitute ‘‘performance-based compensation’’ under Section 162(m) of the Code requires the affirmative vote of a majority of the shares of HPE common stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting, provided that the total votes cast on the proposal represents more than 50% of all shares entitled to vote on the proposal.

RECOMMENDATION OF THE BOARD OF DIRECTORS

✓ **Our Board recommends a vote FOR the approval of the relevant provisions of the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (as amended and restated on January 25, 2017) as described in this proposal.**

Executive Compensation

Compensation Discussion and Analysis

EXECUTIVE SUMMARY

Hewlett Packard Enterprise is an industry leading technology company that enables customers to go further, faster. With the industry's most comprehensive portfolio, spanning the cloud to the data center to workplace applications, our technology and services help customers around the world make information technology (''IT'') more efficient, more productive, and more secure. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

On November 1, 2015, the Company became an independent, publicly-traded company through a pro-rata stock distribution by HP Inc., formerly known as Hewlett-Packard Company (''former parent''). All references to ''HP'', ''parent'' and ''former parent'' refer to Hewlett-Packard Company with respect to events occurring on or prior to October 31, 2015. References to the ''Company'', ''HPE'', ''we'' or ''our'', refer to Hewlett Packard Enterprise.

The board of directors of HPE's former parent believed that the separation would be in the best interest of HP and its stockholders for a number of reasons, including:

- allowing each company to focus on and to pursue more effectively, its own distinct operating priorities;

- permitting each company to focus financial resources solely on its own operations, providing greater flexibility to invest capital in its own business; and

- creating two companies with simplified organizational structures with increased focus on the unique needs of its own business and customers.

HPE began fiscal 2016 with a dynamic leadership team, strong workforce, robust set of customers and partners, innovative product offerings, and a strong vision and roadmap for the future. Throughout 2016, we improved on our strengths by:

- refining our business strategy in light of significant direct competitive pressures and fundamental technological shifts, and

- repositioning our business portfolio for future growth in the face of significant industry and macroeconomic changes through a number of major transactions, including the announced spin-off and merger transactions described in the chart below (the ''spin-merge transactions'').

These efforts generated significant gains in stockholder value, as reflected in stock price appreciation in excess of 45% from the November 1, 2015 launch to the close of our fiscal year on October 31, 2016.

Looking forward, Hewlett Packard Enterprise is focused on our vision of being the industry's leading provider of hybrid IT, built on the secure, next-generation, software-defined infrastructure that will run customers' data centers today, bridge to multi-cloud environments tomorrow, and power the emerging intelligent edge that will run campus, branch, and Industrial Internet of Things (''IoT'') applications for decades to come, all delivered through a world class services capability.

	Summary of Fiscal 2016 Business Highlights[1]	Fiscal 2016 Compensation Impact
FINANCIAL HIGHLIGHTS	• **Net revenue** of **$50.1 billion**, down 4% from the prior year and up 2% when adjusted for divestitures and currency • **GAAP diluted net earnings per share** of **$1.82**, up from $1.34 in the prior year and below the previously provided investor guidance of $2.09 to $2.14 per share • **Non-GAAP diluted net earnings per share** of **$1.92**, up 4% from adjusted non-GAAP diluted net earnings per share in the prior year and within the previously provided investor guidance of $1.90 to $1.95 per share • **Cash flow from operations** of **$5.0 billion**, up 27% from adjusted cash flow from operations in the prior year • Returned **$3.0 billion to stockholders** in the form of share repurchases and dividends, and delivered in excess of 45% total stockholder return since our November 1, 2015 launch	• **Annual Incentive** payout for corporate Named Executive Officers (''NEOs''), including the CEO, was between **96% and 115% of target**, and between **73% and 127% of target** for Business Leader NEOs • **Long-term Incentive** payout in the form of Performance Adjusted Restricted Stock Units (''PARSUs'') was **147% of target** based on the combined achievement of the Return on Invested Capital (''ROIC'') and Relative Total Stockholder Return (''RTSR'') metrics
STRATEGIC HIGHLIGHTS	• **Closed the divestiture of MphasiS and H3C Technologies (''H3C''), as well as executed the acquisition of SG International (''SGI'')** • **Spin-off and merger of the Enterprise Services (''ES'') business with CSC** – Merging ES/CSC will create **a pure-play, global IT service market leader** – The transaction is expected to deliver HPE stockholders approximately **$8.5 billion** in after-tax value in a stock-for-stock exchange, including **50.1% ownership** of the new combined company – Allows HPE to **further sharpen its leadership** in building the vital end-to-end infrastructure solutions necessary to power the enterprise cloud and mobility revolutions • **Spin-off and merger of the Software (''SW'') segment with Micro Focus** – Merging SW/Micro Focus will create one of the **world's largest pure-play software companies** – The transaction is expected to deliver HPE stockholders approximately **$8.8 billion**, including **50.1% ownership** of the new combined company – The transaction creates two businesses that are **stronger, more focused** and **better able to innovate** and adapt in today's market, delivering faster outcomes to our customers	• To account for the removal of budgeted H3C financial performance after the completion of its divestiture from HPE, annual and long-term incentive performance goals were adjusted in a precise and formulaic manner according to the pre-determined adjustment guidelines set at the beginning of the performance period • **In response to the significant ES/CSC spin-merge transaction**, certain **equity award modifications** were implemented in a cost-efficient manner to **strengthen existing employee retention incentives** over the essential time period for the transaction, and to acknowledge that some of the original performance goals, such as two- and three-year ROIC and RTSR goals, were no longer relevant as the Company evolves following the transaction (see ''Equity Award Modifications'' section) • **To support key objectives upon the formation of HPE** as a separate, publicly-traded company on November 1, 2015, awarded special, **one-time Launch Grants** to select members of our executive team, including our NEOs (see ''Strategic Rationale for the Year-over-Year Increase in Disclosed Compensation Due to One-time Actions'' section)

[1] Financial results, including the GAAP to Non-GAAP reconciliation, are reflected as reported in HPE's fourth quarter fiscal 2016 earnings press release.

EXECUTIVE COMPENSATION PAY-FOR-PERFORMANCE PHILOSOPHY

Our executive compensation program, practices, and policies have been structured to reflect our commitment to reward short- and long-term performance that aligns with, and drives stockholder value, as well as with corporate rigor. The tables below summarize the key elements of the compensation programs applicable to our NEOs in fiscal 2016 relative to HPE's pay-for-performance philosophy.

PAY-FOR-PERFORMANCE

- The ***majority*** of compensation for executives is ***performance based*** and delivered in the form of equity, in order ***to align management and stockholder interests***
- Total direct compensation is generally ***targeted*** within a competitive range of the market ***median,*** with differentiation by executive, as appropriate, based on individual factors such as tenure, value of the role and proficiency in the role, sustained performance over time, and importance to our leadership succession plans
- ***Target pay positioning*** and ***actual realized*** total direct compensation is designed to fluctuate with, and be ***commensurate with, actual annual and long-term performance,*** and changes in stockholder value over time
- ***Incentive awards*** are heavily dependent upon our stock performance, and are primarily measured against ***objective metrics*** that we believe ***link*** directly or indirectly ***to the creation of sustainable value*** for our stockholders
- We balance growth and return objectives, top and bottom line objectives, and short- and long-term objectives to ***reward for overall performance*** that creates balance and does not overemphasize a singular focus
- A significant portion of our long-term incentives are delivered in the form of ***PARSUs***, which vest only upon the achievement of ***RTSR*** and ***ROIC*** objectives
- We validate our ***pay-for-performance*** relationship on an annual basis through an analysis conducted by the HRC Committee's independent compensation consultant

In addition, the Company has adopted a number of policies and practices, listed below, to support its compensation philosophy and help drive performance that aligns executives' and stockholders' interests.

What We Do

✓ Design compensation programs that do not encourage imprudent risk-taking
✓ Maintain stock ownership guidelines for executive officers, including a rigorous 7x base salary requirement for the CEO
✓ Provide limited executive perquisites
✓ Prohibit hedging or pledging of Company stock
✓ Maintain a clawback policy that permits the Board to recover annual and long-term incentives
✓ Maintain a severance policy that provides for ‘‘double-trigger’’ change of control equity vesting
✓ Engage an independent compensation consultant for the HRC Committee that does no other work for the Company

What We Don't Do

✘ Enter into individual executive compensation agreements
✘ Provide tax gross-ups for executive perquisites
✘ Pay share-dividend equivalents in our long-term incentive program before the vesting of the underlying shares occurs
✘ Provide supplemental defined benefit pension plans (except in the case of international transfers)

OVERSIGHT AND AUTHORITY OVER EXECUTIVE COMPENSATION

ROLE OF THE HRC COMMITTEE AND ITS ADVISORS

The HRC Committee oversees and provides strategic direction to management regarding all aspects of HPE's pay program for senior executives. It makes recommendations regarding the compensation of Margaret Whitman, the CEO (''Ms. Whitman'') to the independent members of the Board for approval, and it reviews and approves the compensation of the remaining Section 16 officers. Each HRC Committee member is an independent non-employee director with significant experience in executive compensation matters. The HRC Committee employs its own independent compensation consultant as well as its own independent legal counsel.

The HRC Committee retained Farient Advisors LLC (''Farient''), our former parent's independent compensation consultant, in early fiscal 2016, and then later engaged Frederic W. Cook & Co., Inc. (''FW Cook''). The HRC Committee continued to retain Dentons US LLP (''Dentons'') as its independent legal counsel.

Farient, and then FW Cook, provided analyses, market comparator benchmarking, and recommendations that informed the HRC Committee's decisions. Pursuant to SEC rules, the HRC Committee assessed the independence of all its advisors, and concluded each is independent and that no conflict of interest exists that would prevent Farient, FW Cook, or Dentons from independently providing service to the HRC Committee.

Neither FW Cook nor Dentons performs other services for the Company, and neither will do so without the prior consent of the HRC Committee chair. Both Dentons and FW Cook meet with the HRC Committee chair and the HRC Committee outside the presence of management.

The HRC Committee met nine times in fiscal 2016. The HRC Committee's independent advisors participated in most of the meetings, as well as preparatory meetings and executive sessions.

ROLE OF MANAGEMENT AND THE CEO IN SETTING EXECUTIVE COMPENSATION

Management leads the development of our compensation programs and considers market competitiveness, business results, experience, and individual performance in evaluating Named Executive Officer (''NEO'') compensation. The Executive Vice President of Human Resources and other members of our human resources organization, together with members of our finance and legal organizations, work with the CEO to design and develop compensation programs, and implement the decisions of the HRC Committee. Management also recommends changes to existing plans and programs applicable to NEOs and other senior executives, as well as financial and other targets to be achieved under those programs, and prepares analyses of financial data, peer comparisons, and other briefing materials to assist the HRC Committee in making its decisions. During fiscal 2016, management continued to engage Meridian Compensation Partners, LLC (''Meridian'') as its compensation consultant. Because they are not independent, the HRC Committee took into consideration that Meridian provided executive compensation-related services to management when it evaluated any of their information and analyses, all of which were also reviewed by either Farient or FW Cook.

During fiscal 2016, Ms. Whitman provided input to the HRC Committee regarding performance metrics and the setting of appropriate Company-wide and business performance targets. Ms. Whitman also recommended target qualitative goals (Management by Objectives, or ''MBOs'') for the NEOs and the other senior executives who reported directly to her. All modifications to the compensation programs were assessed by Farient or FW Cook, on behalf of the HRC Committee, and discussed and approved by the HRC Committee. Ms. Whitman was not involved in deliberations regarding her own compensation. She was subject to the same financial performance goals as the executives who led global functions, and Ms. Whitman's MBOs and compensation were approved by the independent members of the Board upon the recommendation of the HRC Committee, which was determined in executive session.

DETAILED COMPENSATION DISCUSSION AND ANALYSIS

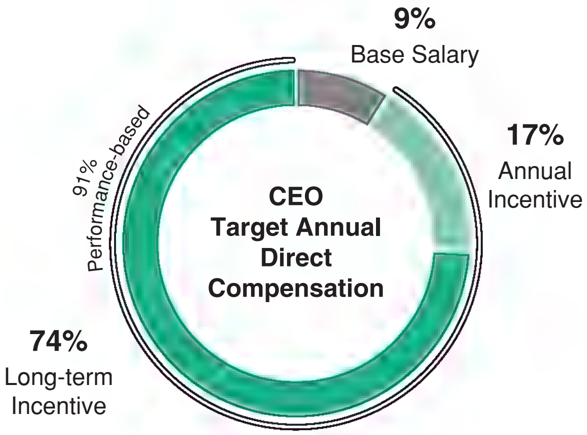
The Compensation Discussion and Analysis or ''CD&A'' describes the material elements of compensation for the NEOs, who are listed below:

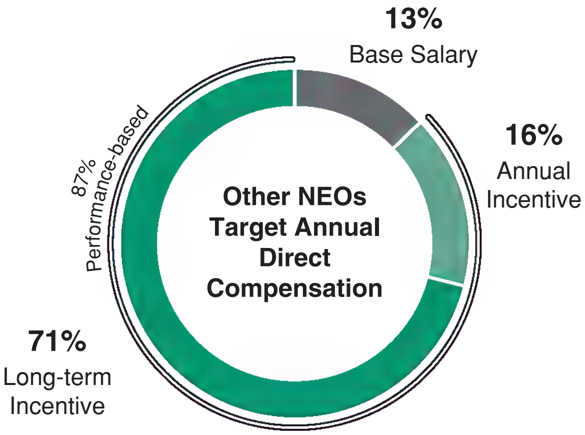
Name	Title
Margaret C. Whitman	President and Chief Executive Officer
Timothy C. Stonesifer	Executive Vice President and Chief Financial Officer
Michael G. Nefkens	Executive Vice President and General Manager, Enterprise Services
Antonio F. Neri	Executive Vice President and General Manager, Enterprise Group
Christopher P. Hsu	Executive Vice President, Chief Operating Officer, and General Manager, Software
Robert Youngjohns[1]	Executive Vice President and former General Manager, Software

[1] Effective September 7, 2016, Robert Youngjohns assumed a new role as EVP, Strategic Business Development and was thereby no longer considered an executive officer as defined for SEC reporting purposes. However, since his compensation exceeded that of the next most highly compensated executive officer, he is reported as an NEO in this proxy statement.

COMPONENTS AND MIX OF COMPENSATION

Our primary focus in compensating executives is on the longer-term and performance-based elements of target compensation. The chart below reflects HPE's three main executive compensation components. Under the executive compensation program, over 90% of the CEO's target annual direct compensation is performance based, and on average, 87% is performance based for other NEOs.





The table below shows HPE's pay components, along with the role and factors for determining each pay component applicable to our NEOs in fiscal 2016.

PAY COMPONENT	ROLE	DETERMINATION FACTORS
Base Salary	• Fixed portion of annual cash income	• Value of role in competitive marketplace • Value of role to the Company • Skills and performance of individual compared to the market as well as others in the Company
Annual Incentive (*i.e.*, Pay for Results)	• Variable portion of annual cash income • Focus executives on annual objectives that support the long-term strategy and creation of value	• Target awards based on competitive marketplace and level of experience • Actual awards based on actual performance against annual goals at the corporate, business (where applicable), and individual levels
Long-term Incentives: • Performance-contingent Stock Options/Stock Options • RSUs • PARSUs (Units or stock)	• Reinforce need for long-term sustained performance • Align interests of executives and stockholders, reflecting the time-horizon and risk to investors • Encourage equity ownership • Encourage retention	• Target awards based on competitive marketplace, level of executive, and skills and performance of executive • Actual value relative to target based on actual performance against corporate goals and stock price performance
All Other: • Benefits • Perquisites • Severance Protection	• Support the health and security of our executives, and their ability to save on a tax-deferred basis • Enhance executive productivity	• Competitive marketplace • Level of executive • Standards of good governance • Desire to emphasize performance-based pay

PROCESS FOR SETTING AND AWARDING FISCAL 2016 EXECUTIVE COMPENSATION

The Board and the HRC Committee regularly explore ways to improve the executive compensation program. Fiscal 2016 target compensation levels for HPE executives were determined by our former parent's HRC Committee prior to the separation from HP Co. (''HP''). In making changes for fiscal 2016, our former parent considered the evolution of HP's business turnaround, the anticipated impact of the separation, and HPE's business needs, as well as appropriate levels of compensation in comparison to HPE's post-separation peer companies. The objectives were to encourage strong performance from HPE's future executives, pay commensurately with performance, and align the interests of HPE's executives with those of HPE's stockholders.

Our former parent's HRC Committee and the Board considered a broad range of facts and circumstances in setting our overall executive compensation levels. Among the factors considered for our executives generally, and for the NEOs in particular, were market competitiveness, internal equity, and individual performance. The weight given to each factor may differ from year to year, is not formulaic, and may differ among individual NEOs in any given year. For example, when we recruit externally, market competitiveness, experience, and the circumstances unique to a particular candidate may weigh more heavily when determining compensation levels. In contrast, when determining year-over-year compensation for current NEOs, internal equity and individual performance may weigh more heavily in the analysis.

Because such a large percentage of NEO pay is performance based, the HRC Committee spent significant time determining the appropriate metrics and goals for HPE's annual and long-term incentive pay plans. In general, for fiscal 2016 compensation, management made an initial recommendation of goals, which were assessed by Farient, and then discussed and approved by the HRC Committee. Major factors considered in setting goals for each fiscal year include business results from the most recently completed fiscal year, business-specific strategic plans, macroeconomic factors, competitive performance results and goals, conditions or goals specific to a particular business, and strategic initiatives.

In addition, when making compensation related decisions for the executive officers, including the NEOs, the HRC Committee considered feedback from stockholders and the results of our most current Say on Pay vote. For Fiscal 2015, our Say on Pay vote reflected 94% support from stockholders. The HRC Committee believes this indicates that our stockholders strongly support both the philosophy, strategy, and objectives of our executive compensation programs, as well as the compensation actions completed by our former parent.

In setting incentive compensation for the NEOs, the HRC Committee generally did not consider the effect of past changes in stock price or expected payouts, or earnings under other programs. In addition, incentive compensation decisions were made without regard to length of service or awards in prior years.

Following the close of fiscal 2016, the HRC Committee reviewed actual financial results and MBO performance against the goals under our incentive compensation plans for the year, with payouts under the plans determined by reference to performance against the established goals. The HRC Committee met in executive session to review the MBO results for the CEO and to determine a recommendation for her annual incentive award to be approved by the independent members of the Board.

DETERMINATION OF FISCAL 2016 EXECUTIVE COMPENSATION

FISCAL 2016 BASE SALARY

Consistent with a philosophy of linking pay to performance, our executives received a small percentage of their overall target compensation in the form of base salary. The NEOs are paid an amount of base salary sufficient to attract qualified executive talent and maintain a stable management team. The HRC Committee targeted executive base salaries to be at or near the market median for comparable positions at our peer companies, and to comprise 10% to 20% of the NEOs' overall target compensation, which is consistent with the practice of peer group companies.

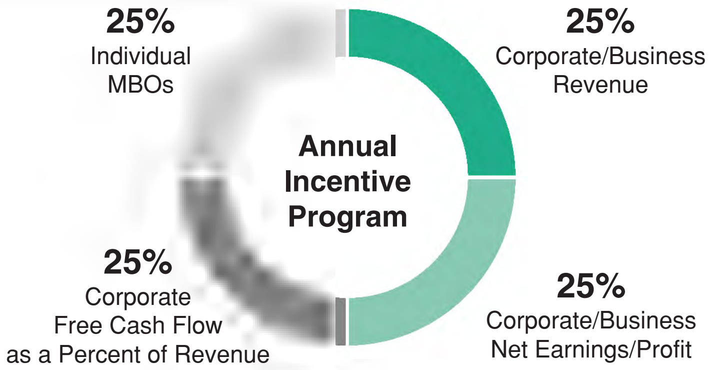
For fiscal 2016, base salaries for NEOs were initially determined by our former parent's HRC Committee and then later ratified by our HRC Committee. No changes were made to any NEO's salary during fiscal 2016.

FISCAL 2016 ANNUAL INCENTIVES

Pay for Results (''PfR'') Program Design

The NEOs are eligible to earn an annual incentive under the 2015 Stock Incentive Plan. The target annual incentive awards for fiscal 2016 were set at 200% of salary for the CEO, and 125% of salary for the other NEOs, with a maximum potential payout of 200% of each executive's target award opportunity.

The performance metrics approved by the HRC Committee aligned with HPE's intention to focus business leaders more directly on the financial performance of their own business segments. The fiscal 2016 annual incentive plan consisted of three core financial metrics: net revenue, net earnings/profit, free cash flow as a percentage of revenue (''FCF'') and, as a fourth metric, individual MBOs, with each metric weighted equally at 25% of the target award value. The applicable revenue target and net earnings/profit target for business leaders relate to their respective business segments. For others, those metrics relate to overall corporate performance.



- ✓ Maximum total annual incentive payout for each executive is capped at 200% of target
- ✓ Free cash flow is capped at 150% of target if net earnings/profit is below target, and is capped at 100% of target if net earnings/profit is below threshold
- ✓ Revenue payout is capped at 100% of target; to the extent both revenue and profit performance are above target, the earnings/profit metric is weighted 50%, and the revenue metric is weighted 0%

The specific metrics, their linkage to corporate or business results, as applicable, and the weighting that was placed on each, were chosen because the HRC Committee believed that:

- performance against these metrics, in combination, would link to enhanced value for stockholders, capturing both the top and bottom line, as well as cash and capital efficiency;
- requiring both revenue and profitability to be above target in order to achieve an above-target payout on these two measures would encourage the pursuit of profitable revenue;
- a linkage to business segment results for business leaders would help strengthen line of sight and drive accountability;
- a balanced weighting and various caps would limit the likelihood of rewarding executives for taking excessive risk;
- using different measures would avoid paying for the same performance twice; and
- individual MBOs would enhance focus on business objectives, such as operational objectives, strategic initiatives, succession planning, and talent development, which are important to the long-term success of the Company.

These financial performance metrics are defined and explained in greater detail below:

Fiscal 2016 PfR		
Financial Performance Metrics	**Definition[1]**	**Rationale for Metric**
Corporate Revenue	Net revenue as reported in HPE's Annual Report on Form 10-K for fiscal 2016	Reflects top line financial performance, which is a strong indicator of our long-term ability to drive stockholder value
Business Revenue	Business segment net revenue as reported in HPE's Annual Report on Form 10-K for fiscal 2016	
Corporate Net Earnings	Non-GAAP net earnings, as defined and reported in HPE's fourth quarter fiscal 2016 earnings press release, excluding bonus net of income tax[2]	Reflects bottom line financial performance, which is directly tied to stockholder value on a short-term basis
Business Net Profit (''BNP'')	Business segment net profit, excluding bonus net of income tax	
Corporate Free Cash Flow as a Percent of Revenue (''FCF'')	Cash flow from operations less net capital expenditures (gross purchases less retirements) divided by net revenue (expressed as a percentage of revenue)	Reflects efficiency of cash management practices, including working capital and capital expenditures

[1] While financial results are reported in accordance with generally accepted accounting principles (''GAAP''), financial performance targets and results under incentive plans were sometimes based on non-GAAP financial measures. The financial results, whether GAAP or non-GAAP, may be further adjusted as permitted by those plans and approved by the HRC Committee. HPE reviewed GAAP to non-GAAP adjustments and any other adjustments with the HRC Committee to ensure performance took into account the way the goals were set and executive accountability for performance. These metrics and the related performance targets are relevant only to HPE's executive compensation program and should not be used or applied in other contexts.

[2] Fiscal 2016 non-GAAP net earnings exclude after-tax costs related to the amortization of intangible assets, restructuring charges, acquisition and other-related charges, separation costs, defined benefit plan settlement charges, impairment of data center assets, and gains on the divestitures of H3C and MphasiS. HPE's management used non-GAAP net earnings to evaluate and forecast HPE's performance before gains, losses, or other charges that were considered by HPE's management to be outside of HPE's core business segment operating results. We believe that presenting non-GAAP net earnings provided investors with greater visibility to the information used by HPE's management in its financial and operational decision making. We further believe that providing this additional non-GAAP information helped management to evaluate and measure performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP diluted net earnings.

In consideration of HPE's continued business transformation and the considerable impacts of foreign exchange rates, the HRC Committee approved plan mechanics in the beginning of the performance period to non-discretionarily revise any internal financial goals for business transformation transactions that have a material impact to HPE's revenue, and to limit foreign exchange impacts on actual performance results to no more than +/- 5%. The HRC Committee continues to have negative discretion if it decides against revising the performance goals, and can review and approve adjustments below the initially set guidelines in special cases.

Design Changes for Fiscal 2016

The terms of the fiscal 2016 annual incentive program remained generally consistent with those of the program maintained by our former parent prior to the separation from HP, but there were two changes made to better align executives' interests to the interests of stockholders:

- The maximum total annual incentive payout was capped at 200% of target; reduced from 250% of target in fiscal 2015.
- The business segment profit metric was changed from ''business owned operating profit'' to ''business net profit,'' to better hold the leaders of each business accountable for the full costs of doing business (e.g., business functional costs).

Fiscal 2016 Financial Results

At its November 2016 meeting, the HRC Committee reviewed and determined performance against the corporate financial metrics as follows:

Fiscal 2016 PfR Program—Corporate Performance Against Financial Metrics

Metric	Weight	Target ($ in billions)[1][2]	Result[3] ($ in billions)	Percentage of Target Annual Incentive Funded
Revenue	25.0%	51.7	50.1	17.03%
Net Earnings	25.0%	3.9	3.6	16.93%
Free Cash Flow (% of revenue)	25.0%	3.4%	4.8%	37.50%
Total	**75.0%**	**—**	**—**	**71.46%**

[1] Corporate targets are only disclosed after the end of the performance period. We do not disclose the performance goals or performance versus those goals for our business segments out of concern for competitive harm.

[2] Consistent with the HRC Committee's guidance previously described, financial metric goals were revised due to the H3C transaction, which was greater than the pre-determined threshold set at the beginning of the performance period.

[3] Also consistent with the HRC Committee's guidance previously described, corporate free cash flow results have been adjusted to reduce the impact of foreign currency fluctuations based on pre-determined levels approved at the time the initial program performance goals were set. However, the adjustment did not have an impact on the final payout because the FCF metric payout was already capped at 150% due to Corporate Net Earnings results that were below target.

DETAILED DISCUSSION OF MBOs

With respect to performance against the MBOs, the independent members of our Board evaluated the CEO's performance during an executive session held in November 2016. The evaluation included an analysis of Ms. Whitman's performance against all of her individual MBOs, which included, but were not limited to: leading the launch of Hewlett Packard Enterprise, refining and delivering the new HPE strategy, delivering 2017 budgets and 3-year plans for HPE, ensuring business groups make appropriate progress on their turnarounds, building business group capability and confidence for the future, and continuing to make progress in HPE's technical relevance and leadership in light of the rapid growth in cloud computing.

After conducting a thorough review of Ms. Whitman's performance, the independent members of the HPE Board determined that Ms. Whitman's MBO performance had been achieved above target. Ms. Whitman's accomplishments included:

- exploring and executing major strategic transactions that generated significant gains in stockholder value, as reflected in stock price appreciation in excess of 45% from the November 1, 2015 launch;
- substantially refining the HPE business strategy in light of significant direct competitive pressures and fundamental technological shifts;
- positioning HPE for future growth through a number of major transactions including the divestiture of the China-based data-networking unit (H3C), the spin-merge transaction agreements for ES/CSC and Software/Micro Focus, and the acquisition of SGI; and
- driving significant restructuring cost reductions across all businesses and central functions.

As CEO of HPE, Ms. Whitman evaluated the performance of other Section 16 officers and presented her recommendations based on those evaluations to the HRC Committee at its November 2016 meeting. The evaluations included an analysis of the officers' performance against their individual MBOs, which are intended to be differentiated performance metrics. After discussion, the HRC Committee determined the degree of attainment of the MBOs. The results of these evaluations and selected MBOs for the other NEOs are summarized below.

Mr. Stonesifer. The HRC Committee determined that Mr. Stonesifer's MBO performance had been achieved at target. In his first full year as CFO, he helped deliver on our plan by driving strong cash flow and EPS performance, and supported four major transactions: H3C, ES/CSC, SW/Micro Focus, and SGI. In addition, through his active engagement, he enhanced HPE's impact and influence with the external financial community.

Mr. Nefkens. The HRC Committee determined that Mr. Nefkens' MBO performance had been achieved above target. He drove an exceptionally successful year in advancing the transformation of the ES business. He improved year-over-year operating profit, met revenue guidance, and exceeded operating profit percentage. This greatly improved performance and drove additional stockholder value with the announcement of the ES/CSC spin-merger. In addition, he successfully designed improvements in the ES fulfillment and delivery systems.

Mr. Neri. The HRC Committee determined that Mr. Neri's MBO performance had been achieved at target. In a year of highly complex change, he continued to be exceptional with key customers, channel partners, and alliance leaders at all levels of the business. He drove market share gains in Converged Systems, Integrated Platforms, and Hyper Converged. He successfully returned the Technology Services business unit to growth after four years, and spearheaded the acquisition of SGI, thereby expanding HPE's supercomputing portfolio.

Mr. Hsu. The HRC Committee determined that Mr. Hsu's MBO performance had been achieved above target. He drove the execution of HPE strategy. He generated significant stockholder value by leading, negotiating, and executing four major transactions: HPE/HPI, ES/CSC, SW/Micro Focus, and SGI. Mr. Hsu also drove savings and cost reductions across the organization, particularly in HPE's global procurement and real estate.

Mr. Youngjohns. The HRC Committee determined that Mr. Youngjohns had achieved some of his objectives, and that on balance, this constituted partial achievement of his MBOs. He initiated a new go-to-market model, simplified the Software portfolio, and was instrumental in marketing the Software business, which contributed to the spin-merge announcement with Micro Focus.

Based on the findings of these performance evaluations, the HRC Committee (and, in the case of the CEO, the independent members of our Board) evaluated performance against the non-financial metrics for the NEOs to determine the overall level of achievement in the table below. HPE does not disclose detailed MBO goals for each NEO out of concern for competitive harm.

Fiscal 2016 PfR Program Performance Against Non-Financial Metrics (MBOs)

Named Executive Officer	Actual Performance as a Percentage of Target (%)	Weight (%)	Percentage of Target Annual Incentive Funded (%)
Margaret C. Whitman	125	25	31.25
Timothy C. Stonesifer	100	25	25.00
Michael G. Nefkens	200	25	50.00
Antonio F. Neri	100	25	25.00
Christopher P. Hsu	175	25	43.75
Robert Youngjohns	75	25	18.75

Based on the level of performance described above on both the financial and non-financial metrics for fiscal 2016, the payouts to the NEOs under the PfR program were as follows:

Annual Base Salary ✖ **Target Annual Incentive %** ✖ **Corporate/BU Performance %** (weighted 75%) + **MBO %** (weighted 25%) = **Annual Incentive Payout ($)**

Fiscal 2016 PfR Program Annual Incentive Payout[1]

	Percentage of Target Annual Incentive Funded		Total Annual Incentive Payout	
Named Executive Officer	Financial Metrics (%)	Non-Financial Metrics (%)	As % of Target Annual Incentive (%)	Payout ($)
Margaret C. Whitman	71.46	31.25	102.71	$3,081,189
Timothy C. Stonesifer	71.46	25.00	96.46	813,850
Michael G. Nefkens	76.81	50.00	126.81	1,109,577
Antonio F. Neri	48.48	25.00	73.48	665,943
Christopher P. Hsu	71.46	43.75	115.21	972,053
Robert Youngjohns	81.09	18.75	99.84	873,624

[1] Ms. Whitman and Messrs. Stonesifer and Hsu, received PfR program payouts based on corporate financial metrics. Messrs. Nefkens, Neri, and Youngjohns received a PfR program payout based on their respective business revenue, BNP, and corporate FCF.

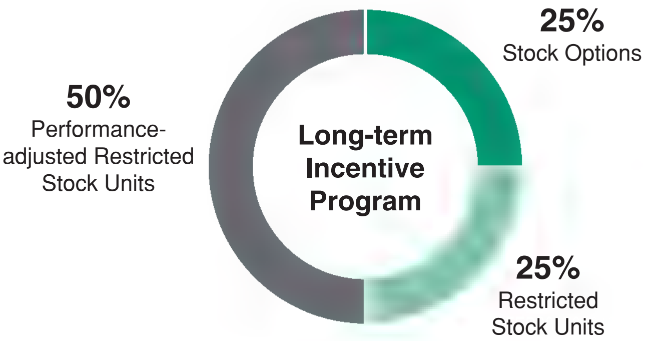
Within the first 90 days of fiscal 2016, the HRC Committee established an ‘‘umbrella’’ pool under which a maximum bonus was determined in order to permit awards to be eligible to be considered qualified performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the ‘‘Code’’). Under the umbrella formula, each Section 16 officer was allocated a pro rata share of 0.75% of net earnings based on his or her target annual incentive award, subject to a maximum bonus of 200% of each NEO’s target bonus, and the maximum $10 million cap under the PfR program. After certifying the size of the pool and the individual allocations, which were each in excess of the maximum potential bonus for the covered officers, the HRC Committee determined actual payouts through the exercise of negative discretion based upon financial metrics and MBOs established by the HRC Committee for Section 16 officers and by the independent members of the Board for the CEO, as described above.

LONG-TERM INCENTIVES

Fiscal 2016 Award Mix

The former parent’s HRC Committee established a long-term incentive (‘‘LTI’’) design for our NEOs that used three vehicles to ensure that our program remains balanced, sustainable, and supportive of its performance-based objectives over a multi-year period.

The fiscal 2016 LTI award value-based vehicle mix for the NEOs is shown in the following chart:



- **PARSUs** support the objectives of linking realized value to the achievement of critical financial and operational objectives, and stockholder alignment. The earned award varies based on two- and three-year results against pre-determined performance goals, as well as long-term returns to stockholders, as measured equally by HPE’s ROIC and RTSR against the S&P 500 constituents. To retain eligibility for a company deduction for PARSUs under section 162(m) of the Code, the PARSUs granted to the NEOs in fiscal 2016 were in the form of performance-based restricted stock.

- **Stock options** support stockholder alignment as options only have monetary value to the recipient to the extent the price of our stock exceeds the stock price on the date of grant. As a result, we believe stock options encourage executives to focus on driving stock price appreciation and stockholder value. This grant vests ratably on an annual basis over three years from the date of grant, with an eight-year term.

- **Restricted Stock Units (‘‘RSUs’’)** support retention and are linked to stockholder value and ownership, which are also important goals of HPE’s executive compensation program. This grant vests ratably on an annual basis over three years from the date of grant.

Fiscal 2016 LTI Grant Values

The former parent’s HRC Committee, and in the case of Ms. Whitman, the full former parent Board (not including Ms. Whitman), approved, and HPE’s HRC Committee ratified, the grant date value of fiscal 2016 annual LTI awards for the NEOs based on competitive market data, and the executives’ potential future contributions.

Fiscal 2016 Named Executive Officer Annual LTI Grant Values				
Named Executive Officer	Target PARSUs (50%)	Stock Options (25%)	RSUs (25%)	Total LTI Value (100%)
M. Whitman	$6,500,000	$3,250,000	$3,250,000	$13,000,000
T. Stonesifer	1,500,000	750,000	750,000	3,000,000
M. Nefkens	2,250,000	1,125,000	1,125,000	4,500,000
A. Neri	2,250,000	1,125,000	1,125,000	4,500,000
C. Hsu	1,500,000	750,000	750,000	3,000,000
R. Youngjohns	1,875,000	937,500	937,500	3,750,000

For more information on NEO grants of PARSUs, Stock Options, and RSUs during fiscal 2016, see ‘‘Executive Compensation—Grants of Plan-Based Awards in Fiscal 2016.’’

Fiscal 2016 PARSUs

The PARSUs were structured to have two- and three-year performance periods that began at the start of fiscal 2016 and continued through the end of fiscal 2017 and 2018, respectively. Under this program, 50% of the PARSUs were eligible for vesting based on performance over two years with continued service, and 50% were eligible for vesting based on performance over three years with continued service. The two- and three-year awards’ performance measures were each equally weighted between RTSR and ROIC performance. RTSR was chosen as a performance measure because it incorporates relative performance into the compensation program. ROIC was chosen because it measures capital efficiency, which is a key driver of stockholder value. Internal ROIC goals were set after consideration of historical performance, internal budgets, external expectations, and peer group performance. This structure is depicted in the chart below.

Fiscal 2016-2018 PARSUs					
Key Design Elements	ROIC vs. Internal Goals		RTSR vs. S&P 500		Payout
Weight	25%	25%	25%	25%	% of Target[2]
Performance/Vesting Periods[1]	2 years	3 years	2 years	3 years	
Performance Levels:			> 90th percentile		200%
Max	Target to be disclosed after the end of the performance periods only, out of concern for competitive harm		70th percentile		150%
> Target			**50th percentile**		**100%**
Target			25th percentile		50%
Threshold			< 25th percentile		0%
< Threshold					

(1) Performance measurement and vesting occur at the end of the two- and three-year periods, subject to continued service.

(2) Interpolated for performance between threshold/target and target/maximum performance achievement levels for ROIC and RTSR.

In consideration of HPE’s continued business transformation and the potential impacts of foreign exchange rates, the HRC Committee approved, in the beginning of the plan performance period, an automatic adjustment of any internal financial goals for business transformation transactions that have a material impact to HPE’s revenue, and to limit foreign exchange effects on actual performance results to no more than +/- 5%. The HRC Committee continues to have negative discretion if it decides against revising the initial performance goals, and can approve adjustments below the initially set guidelines in special cases.

Design Changes for Fiscal 2016

Management recommended, and the former parent's HRC Committee approved, certain changes to the equity vehicle weighting for our fiscal 2016 grant. The change in LTI weighting was made to further align our executives to key metrics that support stockholder interests (by granting more equity in the form of PARSUs with multi-year RTSR and ROIC goals), while attempting to simplify our programs, retain key employees through a critical time in our business, and focus executives on stock price improvement.

	Annual LTI Vehicle Mix				
	PARSUs	RSUs	Stock Options	PCSOs	Total
Fiscal 2016	50%	25%	25%	N/A	100%
Fiscal 2015	30%	30%	N/A	40%	100%

BENEFITS

Our NEOs receive health and welfare benefits (including retiree medical benefits if eligibility conditions are met) under the same programs and subject to the same eligibility requirements that apply to our employees generally. We do not provide our executives, including the NEOs, with special or supplemental U.S. defined benefit pension or health benefits.

The NEOs, along with other executives who earn base pay or annual incentives in excess of certain limits under the Code, were eligible in fiscal 2016 to participate in the HPE Executive Deferred Compensation Plan (the ''EDCP''). This plan was maintained to permit executives to defer a portion of their compensation and related taxation on such amounts. This is a standard benefit plan also offered by the majority of our peer group companies, and is more fully described in the ''Narrative to the Fiscal 2016 Non-Qualified Deferred Compensation Table'' section. Amounts deferred or matched under the EDCP are credited with notional investment earnings based on investment options selected by the participant from among mutual and proprietary funds available to employees under the HPE 401(k) Plan. No amounts earn above-market returns.

PERQUISITES

Consistent with the practices of many of our peer group companies, we provide a small number of perquisites to our senior executives, including the NEOs, as discussed below.

We provide our NEOs with financial counseling services to assist them in obtaining professional financial advice, which is a common benefit among our peer group companies. This helps increase the understanding and effectiveness of our executive compensation program, as well as increase productivity by limiting distractions from Company responsibilities to attend to personal financial matters. The value of these services is taxable to executives.

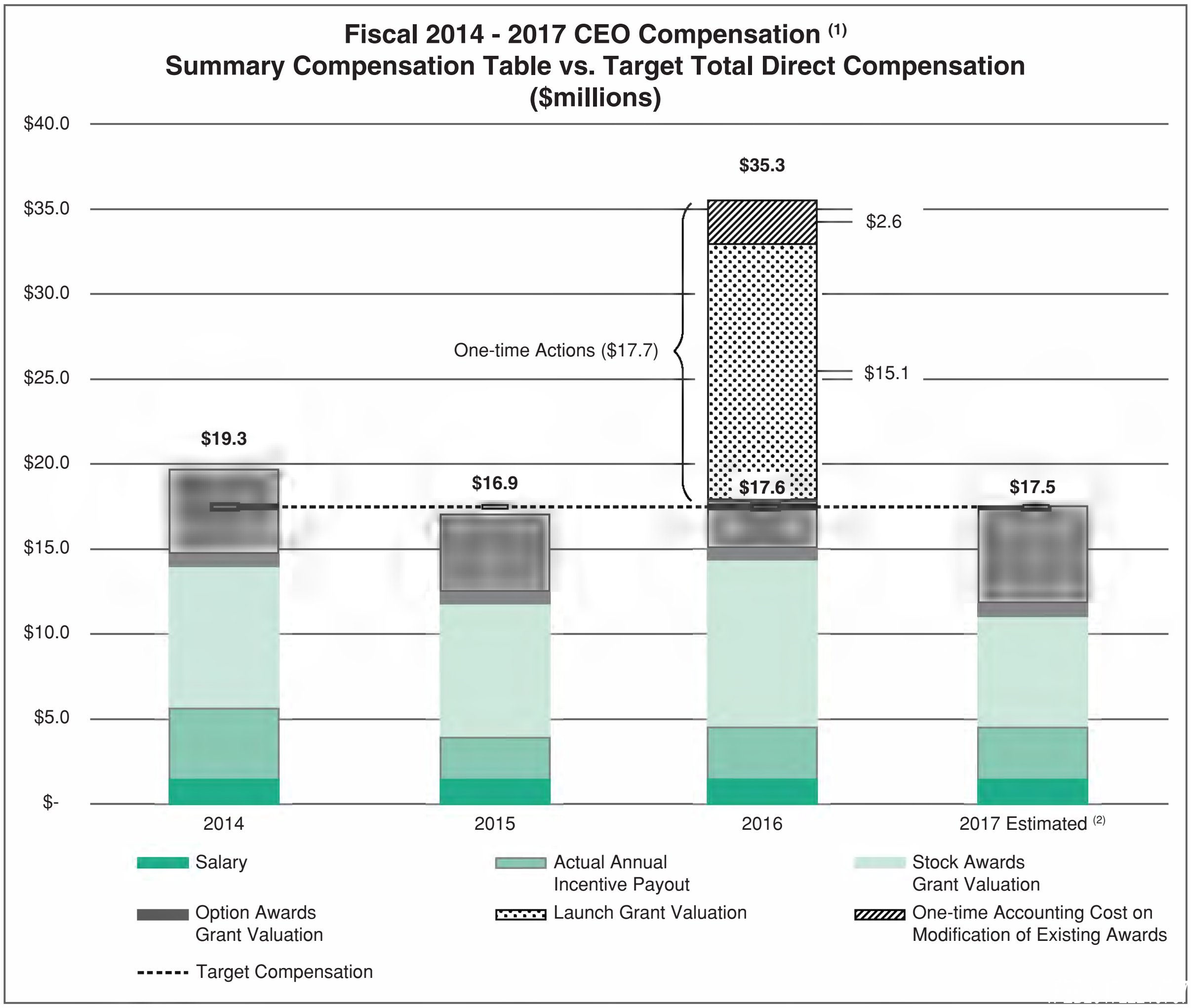
Due to our global presence, we maintain a certain number of corporate aircraft. Personal use of these aircraft by the CEO is permitted under certain circumstances, subject to availability. The CEO may use company aircraft for personal purposes in her own discretion and, at times, is advised to use company aircraft for personal travel for security reasons. The NEOs may use company aircraft for personal purposes under certain limited circumstances, if available and approved in advance by the CEO. The NEOs, including the CEO, are taxed on the value of this personal usage according to applicable tax rules. There is no tax gross-up paid on the income attributable to this value. In fiscal 2012, Ms. Whitman entered into a ''time-sharing'' agreement, which has been renewed each year since and, under which she reimburses the Company for costs incurred in connection with certain personal travel on corporate aircraft above a certain amount in a given fiscal year.

For details on perquisites received during fiscal 2016, see ''Executive Compensation—Summary Compensation Table''.

STRATEGIC RATIONALE FOR THE YEAR-OVER-YEAR INCREASE IN DISCLOSED COMPENSATION DUE TO ONE-TIME ACTIONS

Although the CEO’s target compensation (defined as base salary, target bonus, and annual LTI grant value) has remained unchanged for the past three years, there is a discrete increase reflected in the Summary of Compensation table for fiscal 2016, due both to a special one-time equity grant (‘‘Launch Grant’’) issued on the launch of HPE, as well as one-time incremental equity accounting costs related to the separation from HP, and the ES/CSC spin-merge transaction grant amendments of existing awards, as more fully described below.

The following chart illustrates the impact of the one-time Launch Grant and one-time accounting cost for fiscal 2016 on the CEO’s disclosed compensation compared to prior and estimated future years. The other NEOs reported in the Summary Compensation Table have similar one-time increases in compensation.



(1) CEO compensation in the chart above does not include ‘‘All Other Compensation.’’

(2) Estimated fiscal 2017 compensation is based on the CEO’s 2017 base salary, target annual incentive, and actual annual equity award. Actual 2017 annual incentive payout will vary based on performance against fiscal 2017 goals.

ONE-TIME SPECIAL RETENTION LAUNCH GRANTS

As was discussed in the fiscal 2015 proxy statement, the former parent's HRC Committee approved one-time Launch Grants made to selected executives in connection with the separation from HP and launch of HPE. The grants were finalized after months of careful consideration of the need for such grants, market practices, and the appropriate design elements. In deciding to approve these equity awards, and in shaping their design, the HRC Committee considered:

- The desire to have an engaged, stable and stockholder-aligned senior management team through a critical period launching a new company;

- The desire to give executives being newly promoted in connection with the separation an opportunity to have a market-competitive equity stake in HPE;

- The retentive effect of the Launch Grants' 3-year ratable vesting schedule;

- A market analysis performed by our compensation consultants of mergers and spinoff separations over $1 billion that occurred over the three years leading up to the separation from HP indicated that in many of the cases, launch grants were made. Although in some instances there were no launch grants, in situations where launch grants were made to named executive officers, the launch grant value as a multiple of annual long-term incentive awards ranged between 0.5x to 4.5x, which is consistent with our approach; and

- Unlike the vast majority of companies where launch grants were made solely in the form of time-based awards, we assigned rigorous stock price performance goals to the stock option portion of the awards to ensure that compensation realized by our NEOs would be closely tied to meaningful changes in stockholder value.

The overall budget for the Launch Grants took into account the value potential of the awards under different scenarios, as well as the impact on post-separation dilution and share usage rates.

The one-time Launch Grants to the NEOs were later ratified by the HPE HRC Committee, and granted on November 2, 2015 with a grant price of $14.49. They were delivered in an equal value-based weighting of Performance-contingent Stock Options (''PCSOs'') and RSUs, both of which vest ratably over three years assuming, in the case of PCSOs, that performance conditions are achieved. The following table contains additional details regarding the PCSO design for the Launch Grants.

Tranche	Time-vesting Requirement	Minimum Stock Price Hurdle for Vesting[1]	Forfeiture Date if Price Hurdle Not Met
Tranche One	November 2, 2016	$15.94 (110% of the grant price)	November 2, 2017
Tranche Two	November 2, 2017	$17.39 (120% of the grant price)	November 2, 2019
Tranche Three	November 2, 2018	$18.84 (130% of the grant price)	November 2, 2020

(1) HPE closing stock price must be at or above the specific price hurdle for at least 20 consecutive days to satisfy the performance-based vesting requirement

Launch Grant Award Values

Named Executive Officer	PCSOs (50%)	RSUs (50%)	Total LTI Value (100%)
M. Whitman	$7,500,000	$7,500,000	$15,000,000
T. Stonesifer	1,000,000	1,000,000	2,000,000
M. Nefkens	3,000,000	3,000,000	6,000,000
A. Neri	3,000,000	3,000,000	6,000,000
C. Hsu	2,250,000	2,250,000	4,500,000
R. Youngjohns	2,500,000	2,500,000	5,000,000

Status of Launch Grant Performance Conditions

Because HPE delivered stock price appreciation in excess of 45% in the first year from its November 1, 2015 launch, all three stock price appreciation conditions have been met. The first tranche of PCSOs vested in fiscal 2017, and the remaining Launch Grant PCSOs will vest ratably in fiscal 2018 and fiscal 2019, subject to continued employment.

EQUITY AWARD MODIFICATIONS

In consideration of the uncertainty for employees and the evolution of the rationale for various performance goals as a result of the ES/CSC spin-merge, the HRC Committee approved certain equity award modifications in May of 2016. These equity modifications were designed to strengthen employee retention incentives over the essential time period for the transaction, and to provide security and fairness to employees who are, or could be, negatively impacted by the transaction. These equity award modifications were in lieu of providing otherwise significant retention-based cash and equity awards, which is a typical practice in comparable situations.

Therefore, as previously disclosed in the May 26, 2016 8-K filing, HPE has taken the following actions with respect to its equity compensation program:

Equity Acceleration

All unvested, outstanding equity held as of May 24, 2016, by HPE employees (including the NEOs, but excluding the CEO), will now vest on the earliest of:

- The normally scheduled vesting date;
- Involuntary termination immediately prior to a corporate transaction (e.g. sale, divestiture, or spin-off);
- Involuntary termination of employment, other than for cause; or
- June 1, 2018.

All unvested, outstanding equity held by the CEO as of May 24, 2016, will now vest on the earliest of:

- The normally scheduled vesting date;
- Retirement from HPE on a date reasonably determined by the CEO and the Board; or
- Involuntary termination of employment by HPE without cause (as defined in the Severance Plan for Executive Officers).

Performance-contingent Stock Options

The stock price performance component for all tranches of PCSOs granted to NEOs in December 2014 has been adjusted to $24.94 per share or higher for a period of 20 consecutive days, and must be met on or before December 10, 2017, as described in the following table. The new timeline to meet performance conditions aligns this incentive to the ES/CSC spin-merge activity, and before the June 1, 2018 accelerated vesting. Essentially, the time to meet the performance conditions was extended for the first tranche and was shortened for the third tranche.

	Time-vesting Requirement	Minimum Stock Price Hurdle for Vesting	
		Initial	Amended
Tranche 1	December 10, 2015	$22.86 by December 10, 2016	$24.94 by December 10, 2017
Tranche 2	December 10, 2016	$24.94 by December 10, 2017	No Change
Tranche 3	December 10, 2017	$27.01 by December 10, 2018	$24.94 by December 10, 2017

All unvested outstanding PCSOs will vest in accordance with the vesting schedule applicable to all equity outstanding as of May 24, 2016 (as described above).

The modification described above resulted in an incremental accounting cost, mostly due to the longer period in which the performance condition could be achieved for the first tranche. In turn, the third tranche now has less time to achieve its performance condition, but per accounting standards, the ‘‘loss’’ in valuation of that tranche is not allowed to offset incurred cost from other tranches of the grant.

Performance-adjusted Restricted Stock Units

Due to the significant changes in HPE's portfolio of business segments, the two- and three-year ROIC and RTSR goals initially set for PARSUs were no longer relevant. Therefore, the terms have been modified for PARSUs granted to all NEOs and outstanding as of May 24, 2016, such that they:

- Converted into time-vesting RSUs on November 30, 2016, based on HPE's fiscal 2016 ROIC and RTSR performance, to the extent outstanding on such date; and
- Will vest in accordance with the vesting schedule applicable to all equity outstanding as of May 24, 2016 (as described above).

The modification described above resulted in an incremental accounting cost, which was incurred mostly due to the shorter remaining performance period, combined with HPE's TSR outperformance relative to peers as of the modification date.

In accordance with the equity treatment described above, the fiscal 2015 and 2016 PARSUs have been converted to time-based RSUs with identical vesting periods, based on final fiscal 2016 RTSR and ROIC performance detailed in the table below. The first tranche of the 2015 PARSUs vested as scheduled on October 31, 2016, and was paid out based on the same financial performance.

2015 and 2016 PARSU Achievement			
	Target	Final Result	Payout / RSU Conversion Ratio
FYE2016 ROIC[1]	9.5%	**9.32%**	93.95%
FYE2016 RTSR	50th percentile	**98th percentile**	200%
FINAL ACHIEVEMENT			**146.98%**

[1] Consistent with the HRC Committee's guidance previously described, financial metric goals were revised due to the H3C transaction, which was greater than the pre-determined threshold set at the beginning of the performance period.

OTHER COMPENSATION-RELATED MATTERS

USE OF COMPARATIVE COMPENSATION DATA AND COMPENSATION PHILOSOPHY

The HRC Committee reviewed Section 16 officer compensation and compared it to that of executives in similar positions with HPE's peer group companies for purposes of benchmarking target pay levels. The peer group for fiscal 2016 was developed prior to the separation of HPE from HP, and took into account the expected characteristics of HPE after its launch as a new company. The peer group consisted of the following companies:

Fiscal 2016 Peer Companies

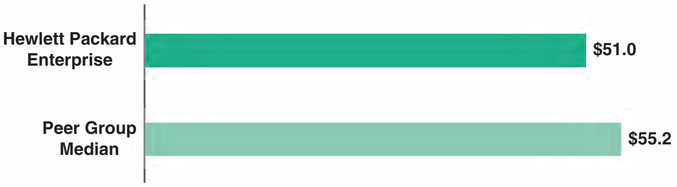
Technology	• Apple Inc. • Accenture • ADP • Amazon • Cisco Systems, Inc. • Computer Sciences Corporation • EMC Corporation	• Google Inc. • Intel Corporation • IBM • Microsoft Corporation • Oracle Corporation • Qualcomm • Xerox
Non-technology	• General Electric Company • Caterpillar • Honeywell	• The Boeing Company • United Technologies Corporation

For fiscal 2016, two primary screening criteria were used to develop a pool of potential peers. The list was then subjected to further consideration based on additional factors.

The two primary screening criteria were:

- Companies listed on major U.S. exchanges with executives primarily living in the U.S. that generally use U.S.-based compensation practices; and
- Revenue within a range between 25% and 350% of HPE's revenue.

End of Fiscal 2015 Revenue
($ in billions)



Additional factors considered included business similarities (primarily a business-to-business focus), publicly traded companies in other select industries such as information technology, industrials, health care (pharmaceuticals), telecommunications services, consumer discretionary, and consumer staples, as well as global scope, organizational complexity, research and development spending as a percent of revenue, peers of peers, competition for talent, and proxy advisory organization peer group selections.

The use of this rules-based methodology resulted in an appropriate peer group for comparison purposes, as well as a group that is large and diverse enough so that the addition or elimination of any one company does not alter the overall analysis.

In reviewing comparative pay data from these companies against pay for Section 16 officers, the HRC Committee evaluated data using regression analysis, where necessary, to adjust for size differences between HPE and the peer group companies. Exclusions were made for particular data points of certain companies if they were anomalous and not representative of market practices.

The HRC Committee continued to set target total direct compensation levels for fiscal 2016 that were generally at or near the market median, although in some cases higher for attraction and retention purposes.

STOCK OWNERSHIP GUIDELINES

HPE has stock ownership guidelines designed to align executives' interests more closely with those of stockholders, and mitigate the potential for risk-taking that could affect the value of HPE stock. Under the guidelines, within five years of assuming a designated position, the CEO should attain an investment position in our stock equal to seven times her base salary, and all other EVPs should attain an investment position equal to five times their respective base salaries. Shares counted toward these guidelines include any shares held by the executive directly or through a broker, shares held through the Company's 401(k) Plan, shares held as restricted stock, shares underlying time-vested RSUs, and shares underlying vested but unexercised stock options (50% of the in-the-money value of such options is used for this calculation). All NEOs held the required investment position in HPE's stock as of the end of fiscal 2016.

ANTI-HEDGING/PLEDGING POLICY

We have a policy prohibiting HPE's executive officers from engaging in any form of hedging transaction (derivatives, equity swaps, forwards, etc.) in HPE securities, including, among other things, short sales and transactions involving publicly traded options. In addition, with limited exceptions, HPE's executive officers are prohibited from holding HPE securities in margin accounts and from pledging HPE securities as collateral for loans. We believe that these policies further align executives' interests with those of stockholders.

POLICY ON RECOVERY OF ANNUAL INCENTIVE IN EVENT OF FINANCIAL RESTATEMENT

HPE adopted a ''clawback'' policy (originally adopted by our former parent in 2006) that permits the Board to recover certain annual incentives from senior executives whose fraud or misconduct resulted in a significant restatement of financial results. The policy allows for the recovery of annual incentives paid at or above target from those senior executives whose fraud or misconduct resulted in the restatement where the annual incentives would have been lower absent the fraud or misconduct, as determined by the Board. In fiscal 2014, our former parent added a provision to equity grant agreements to clarify that they are subject to the clawback policy. That provision has been included in the grant agreements for awards made by HPE since the separation from HP.

FISCAL 2017 COMPENSATION PROGRAM

For fiscal 2017, the HRC Committee engaged FW Cook to recommend an appropriate peer group for a competitive benchmarking analysis of executive pay and compensation design in light of the strategic divestitures, including the ES/CSC spin-merge transaction.

The overall compensation structure in fiscal 2017 will remain similar to fiscal 2016. The HRC Committee believes that maintaining a similar structure is in our stockholders' best interest, but that some streamlining is appropriate given the announced spin-merge transactions of both Enterprise Services and Software. However, one-time Launch Grants are not part of the fiscal 2017 compensation program.

- The annual incentive PfR program performance metrics will continue to focus business leaders more directly on the financial performance of their own businesses, including business segment free cash flow in fiscal 2017.

- To simplify the LTI program in preparation for the transactions expected in fiscal 2017, and to further support stockholder alignment, fiscal 2017 annual equity grants were made 50% in PCSOs and 50% in RSUs. This value-based equity mix was considered appropriate given the difficulty in forecasting multi-year financial performance in light of the spin-merge transactions. In setting the required stock price hurdles for the PCSOs to vest, the HRC Committee considered not only the stock price itself, but also the underlying compound annual growth rate required both to achieve vesting in the target three years, as well as to avoid forfeiture by meeting stock price hurdles in later years. More details regarding the fiscal 2017 PCSO design are shown in the table below.

Tranche	Time-vesting Requirement	Minimum Stock Price Hurdle for Vesting[1]	Forfeiture Date if Price Hurdle Not Met	Minimum Compound Annual Growth Rate	
				For Ratable Vesting Over Three Years	For Vesting Prior to Forfeiture
Tranche One	December 7, 2017	115% of the grant price	December 7, 2018	**15.0%**	7.2%
Tranche Two	December 7, 2018	125% of the grant price	December 7, 2020	**11.8%**	5.7%
Tranche Three	December 7, 2019	135% of the grant price	December 7, 2021	**10.5%**	6.2%

[1] The 20-day moving average of HPE's closing stock price must be at or above the specific price hurdle to satisfy the performance-based vesting requirement

In fiscal 2017, the HRC Committee plans to continue to carefully review the Company's talent needs, and compensation programs and actions to:

- achieve a successful transition following the spin-merge transactions;
- continue to align pay with stockholder interests; and
- maintain good governance standards following the announced transactions.

CHANGES TO RETIREMENT PROVISIONS FOR EQUITY AWARDS IN FISCAL 2017

United States employees are eligible for favorable vesting treatment of equity awards held at the time of retirement, contingent on compliance with restrictive covenants. Effective as of January 1, 2016, retirement is defined as 55 years of age or more, with age plus years of service totaling at least 70 at the time of termination. As of October 31, 2016, none of the NEOs were eligible for retirement treatment of their awards based on this updated definition.

Under HPE's prior policy, an employee was entitled to full accelerated vesting of all unvested and outstanding time-vested RSUs and options upon termination following the attainment of retirement eligibility. Effective for all time-vested RSUs and options granted on or after November 1, 2016, the HRC Committee approved a change to the vesting treatment so that, upon retirement three months or more after the grant date, the awards will continue vesting on the original vesting schedule. To the extent that retirement occurs within three months after the grant date, the awards will be immediately forfeited.

There has been no change in the vesting treatment of PCSOs on retirement. PCSOs generally remain subject to pro-rata vesting on retirement, subject to attaining the stock price hurdle.

ACCOUNTING AND TAX EFFECTS

The impact of accounting treatment is considered in developing and implementing our compensation programs, including the accounting treatment as it applies to amounts awarded or paid to our executives.

The impact of federal tax laws on our compensation programs is also considered, including the deductibility of compensation paid to the NEOs, as limited by Section 162(m) of the Code. Our compensation program is designed with the intention that compensation paid in various forms may be eligible to qualify for deductibility under Section 162(m) of the Code, but there have been and may be other exceptions for administrative or other reasons.

HRC COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The undersigned members of the HRC Committee of the Board of Hewlett Packard Enterprise have reviewed and discussed with management this Compensation Discussion and Analysis. Based on this review and discussion, we have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and in the Annual Report on Form 10-K of Hewlett Packard Enterprise filed for the fiscal year ended October 31, 2016.

HRC Committee of the Board of Directors

Leslie A. Brun, Chair
Pamela L. Carter
Klaus Kleinfeld
Mary Agnes Wilderotter

Summary Compensation Table

The following table sets forth information concerning the compensation of our CEO, our chief financial officer, and our four other most highly compensated executive officers serving during fiscal 2016.

Name and Principal Position	Year	Salary[1] ($)	Bonus ($)	Stock Awards[2][3] ($)	Option Awards[3][4] ($)	Non-Equity Incentive Plan Compensation[5] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[6] ($)	All Other Compensation[7] ($)	Total[8] ($)
Margaret C. Whitman President and Chief Executive Officer	2016	1,500,058	—	18,970,393	11,729,190	3,081,189	—	283,521	35,564,351
	2015	1,500,058	—	7,771,200	5,113,585	2,453,262	—	297,441	17,135,546
	2014	1,500,058	—	8,147,637	5,355,075	4,314,000	—	295,394	19,612,164
Timothy C. Stonesifer Executive Vice President and Chief Financial Officer	2016	675,026	—	3,386,593	1,785,860	813,850	—	67,521	6,728,850
Michael G. Nefkens Executive Vice President and General Manager, Enterprise Services	2016	700,027	—	7,013,909	4,503,410	1,109,577	—	1,252,140	14,579,063
	2015	700,027	—	2,988,392	1,966,763	508,635	19,005	61,532	6,244,354
	2014	700,027	—	3,437,154	1,977,266	747,199	107,736	19,575	6,988,957
Antonio F. Neri Executive Vice President and General Manager, Enterprise Group	2016	725,028	—	6,579,914	4,359,346	665,943	29,477	82,705	12,442,413
	2015	725,028	1,500,000	1,999,993	1,264,048	831,709	8,338	262,489	6,591,605
Christopher P. Hsu Executive Vice President, Chief Operating Officer, and General Manager, Software	2016	675,026	—	4,636,602	3,170,585	972,053	—	41,409	9,495,675
Robert Youngjohns[9] Executive Vice President and former General Manager, Software	2016	700,027	—	5,830,462	3,765,777	873,624	—	38,366	11,208,256

(1) Amounts shown represent base salary earned during the fiscal year, as described under "Determinations of Fiscal 2016 Executive Compensation—2016 Base Salary."

(2) The grant date fair value of all stock awards has been calculated in accordance with applicable accounting standards. For information on the assumptions used to calculate the fair value of the awards, refer to Note 5 to our "Consolidated & Combined Financial Statements" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, as filed with the SEC on December 15, 2016. In the case of RSUs, the value is determined by multiplying the number of units granted by the closing price of stock on the grant date. For PARSUs awarded in fiscal 2016, amounts shown reflect the grant date fair value of the PARSUs for the two- and three-year performance periods beginning with fiscal 2016, based on the probable outcome of performance conditions related to these PARSUs at the grant date. The 2016 PARSUs include both market-related (RTSR) and internal (ROIC) performance goals as described under "Determination of Fiscal 2016 Executive Compensation—Long-term Incentives." Consistent with the applicable accounting standards, the grant date fair value of the RTSR component has been determined using a Monte Carlo simulation model. The table below sets forth the grant date fair value for the PARSUs granted in fiscal 2016:

Name	Probable Outcome of Performance Conditions Grant Date Fair Value ($) *	Maximum Outcome of Performance Conditions Grant Date Fair Value ($)	Market-related Component Grant Date Fair Value ($) **
Margaret C. Whitman	2,669,184	5,338,367	3,840,209
Timothy C. Stonesifer	615,963	1,231,926	886,199
Michael G. Nefkens	923,952	1,847,904	1,329,309
Antonio F. Neri	923,952	1,847,904	1,329,309
Christopher P. Hsu	615,963	1,231,926	886,199
Robert Youngjohns	769,958	1,539,915	1,107,754

* Amounts shown represent the grant date fair value of the PARSUs subject to the internal ROIC performance goal (i) based on the probable or target outcome as of the date the goals were set and (ii) based on achieving the maximum level of performance for the two- and three-year performance periods beginning in fiscal 2016. The grant date fair value of the ROIC goal component of the PARSUs awarded on December 9, 2015 was $14.85 per unit, which was the closing stock price of HPE common stock on December 9, 2015.

**Amounts shown represent the grant date fair value of PARSUs subject to the RTSR goal component of the PARSUs, for which expense recognition is not subject to probable or maximum outcome assumptions. The weighted-average grant date fair value of the RTSR goal component of the PARSUs awarded on December 9, 2015 was $21.37 per unit, which was determined using a Monte Carlo simulation model.

(3) In connection with the separation of HPE from HP, unvested HP equity awards were converted to HPE equity awards in a ratio that preserved the intrinsic value of the awards as of the conversion date. In addition, the first tranche of fiscal 2015 PARSUs became vested and were settled during fiscal 2016 (based on RTSR and ROIC performance as of October 31, 2016). These activities resulted in a one-time, incremental compensation accounting cost that is reflected in this column and is shown in the table below.

In connection with the Enterprise Services spin-merge transaction, fiscal 2015 and fiscal 2016 PARSUs were converted to time-based RSUs and measured based on RTSR and ROIC performance as of October 31, 2016. In addition, the fiscal 2015 PCSOs incurred an incremental cost, which is quantified below. Please see the ''Equity Award Modifications'' section for more details.

Name	HP Separation Incremental Accounting Cost ($)	ES/CSC Spin-merge Incremental Accounting Cost ($)
Margaret C. Whitman	1,665,656	963,557
Timothy C. Stonesifer	29,288	134,433
Michael G. Nefkens	640,608	348,193
Antonio F. Neri	209,090	201,652
Christopher P. Hsu	151,180	134,433
Robert Youngjohns	537,207	285,276

(4) The grant date fair value of PCSO awards is calculated using a combination of a Monte Carlo simulation model and a lattice model as these awards contain market conditions. For information on the assumptions used to calculate the fair value of the stock awards, refer to Note 5 to our ''Consolidated & Combined Financial Statements'' in our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, as filed with the SEC on December 15, 2016.

(5) Amounts shown represent payouts under the PfR program (amounts earned during the applicable fiscal year but paid after the end of that fiscal year).

(6) Amounts shown represent the increase in actuarial present value of NEO pension benefits during the applicable fiscal year. As described in more detail under ''Narrative to the Fiscal 2016 Pension Benefits Table'' below, pension benefits have ceased accruing for all NEOs, and NEOs hired after the accrual cessation date for a pension plan are not eligible to participate in the plan. The amounts reported for the NEOs do not reflect additional accruals, but reflect the passage of one more year from the prior present value calculation and changes in other actuarial assumptions. The assumptions used in calculating the changes in pension benefits are described in footnote (2) to the ''Fiscal 2016 Pension Benefits Table'' below.

(7) The amounts shown are detailed in the ''All Other Compensation Table'' below.

(8) The one-time Launch Grant represented in the total amounts include: $15M for Ms. Whitman, $2M for Mr. Stonesifer, $6M for each Messrs. Nefkens and Neri, $4.5M for Mr. Hsu, and $5M for Mr. Youngjohns. This one-time award is detailed in the ''One-time Special Retention Launch Grants'' section.

(9) Effective September 7, 2016, Robert Youngjohns assumed a new role as EVP, Strategic Business Development and is no longer considered an executive officer as defined for SEC reporting purposes. However, since his compensation exceeded that of the next most highly compensated executive officer, he is reported as an NEO in this proxy statement.

Fiscal 2016 All Other Compensation Table

The following table provides additional information about the amounts that appear in the ‘‘All Other Compensation’’ column in the ‘‘Summary Compensation Table’’ above:

Name	401(k) Company Match[1] ($)	NQDC Company Match[2] ($)	Mobility Program[3] ($)	Personal Aircraft Usage[4] ($)	Tax Benefit[5] ($)	Miscellaneous[6] ($)	Total AOC ($)
Margaret C. Whitman	10,600	—	—	254,921	—	18,000	283,521
Timothy C. Stonesifer	10,125	—	45,128	2,268	—	10,000	67,521
Michael G. Nefkens	11,450	—	23,799	4,130	1,212,761	—	1,252,140
Antonio F. Neri	11,575	—	65,630	2,624	2,876	—	82,705
Christopher P. Hsu	10,606	10,600	—	2,203	—	18,000	41,409
Robert Youngjohns	11,450	—	26,916	—	—	—	38,366

(1) Represents matching contributions made under the HPE 401(k) Plan. Although the maximum annual match in calendar years 2015 and 2016 under the HPE 401(k) Plan was $10,600, some NEOs had not achieved the maximum match prior to October 31, 2015, and therefore received matching contributions in both 2015 and 2016 that, in the aggregate, exceeded the calendar year maximum.

(2) Represents matching contributions credited during fiscal 2016 under the HPE Executive Deferred Compensation Plan with respect to the 2015 calendar year of that plan.

(3) Represents benefits provided under our standard company relocation program.

(4) For purposes of reporting the value of such personal usage in this table, we use data provided by an outside firm to calculate the hourly cost of operating each type of aircraft. These costs include the cost of fuel, maintenance, landing and parking fees, crew, catering, and supplies. For trips by NEOs that involve mixed personal and business usage, we include the incremental cost of such personal usage (i.e., the excess of the cost of the actual trip over the cost of a hypothetical trip without the personal usage). Personal usage is imputed as income to the executives under the applicable tax rules and no tax gross-ups are provided for this imputed income. In addition, in fiscal 2016, Ms. Whitman entered into a renewal of a ‘‘time-sharing agreement’’, under which she reimburses the Company for those costs permitted to be charged under federal regulations incurred in connection with certain personal travel on corporate aircraft above a certain amount in a given fiscal year. Ms. Whitman reimbursed the Company $123,616 related to her and her passengers’ personal use of corporate aircraft during fiscal 2016 reported under the timeshare agreement.

(5) Mr. Nefkens was on an international assignment in the United Kingdom during fiscal 2013, and relocated to Palo Alto, California in June 2013. Amount represents certain trailing payments and reimbursement for taxes incurred relating to his previous UK assignment. This benefit facilitates the assignment of employees to positions in other countries by minimizing any financial detriment or gain to the employee from the international assignment. Mr. Neri relocated from Houston, Texas to Palo Alto, California in November 2014. Amount for Mr. Neri represents tax benefits provided under the standard company relocation program.

(6) Includes amounts paid either directly to Ms. Whitman and Mr. Hsu or on their behalf for financial counseling. Also includes an employer charitable donation match for Mr. Stonesifer.

NARRATIVE TO THE SUMMARY COMPENSATION TABLE

The amounts reported in the ‘‘Summary Compensation Table,’’ including base pay, annual and LTI award amounts, and benefits and perquisites, are described more fully under ‘‘Compensation Discussion and Analysis.’’

The amounts reported in ‘‘Non-Equity Incentive Plan Compensation’’ column include amounts earned in fiscal 2016 by each of the NEOs under the PfR program. The narrative description of the remaining information in the ‘‘Summary Compensation Table’’ is provided in the narrative to the other compensation tables.

Grants of Plan-Based Awards in Fiscal 2016

The following table provides information on awards granted under the PfR program for fiscal 2016, and awards of RSUs, PCSOs, and PARSUs granted as part of the fiscal 2016 long-term incentive compensation, all of which are provided under the HPE 2015 Stock Incentive Plan:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2][3]			All Other Stock Awards: Number of Shares of Stock or	All Other Option Awards: Number of Securities Underlying	All Other Option Awards: Exercise or Base Price of Option	Grant-Date Fair Value of Stock and Option
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**Units[4][5] (#)**	**Options[6] (#)**	**Awards ($)**	**Awards[7] ($)**
Margaret C. Whitman											
PfR		750,000	3,000,000	6,000,000							
Launch PCSO	11/2/2015					1,619,013				14.49	7,576,981
Launch RSU	11/2/2015							517,598			7,499,995
Annual RSU	12/9/2015							218,855			3,249,997
Annual NQ	12/9/2015								895,846	14.85	3,234,004
Annual PARSU	12/9/2015				179,743	359,486	718,972				6,509,393
HP Separation PARSU Acct Cost	11/2/2015							163,972			1,053,907
HP Separation PCSO Acct Cost	11/2/2015							1,088,396			611,749
ES/CSC PARSU Acct Cost	5/24/2016							400,479			657,101
ES/CSC PCSO Acct Cost	5/24/2016							362,798			306,456
Timothy C. Stonesifer											
PfR		210,938	843,750	1,687,500							
Launch PCSO	11/2/2015					215,868				14.49	1,010,262
Launch RSU	11/2/2015							69,013			999,998
Annual RSU	12/9/2015							50,505			749,999
Annual NQ	12/9/2015								206,734	14.85	746,310
Annual PARSU	12/9/2015				41,479	82,958	165,916				1,502,162
HP Separation NQ Acct Cost	11/2/2015							40,466			29,288
ES/CSC PARSU Acct Cost	5/24/2016							82,958			134,433
Michael G. Nefkens											
PfR		218,750	875,000	1,750,000							
Launch PCSO	11/2/2015					647,605				14.49	3,030,792
Launch RSU	11/2/2015							207,039			2,999,995
Annual RSU	12/9/2015							75,758			1,125,006
Annual NQ	12/9/2015								310,101	14.85	1,119,465
Annual PARSU	12/9/2015				62,219	124,438	248,876				2,253,261
HP Separation PARSU Acct Cost	11/2/2016							63,064			405,322
HP Separation PCSO Acct Cost	11/2/2016							418,613			235,287
ES/CSC PARSU Acct Cost	5/24/2016							140,204			230,325
ES/CSC PCSO Acct Cost	5/24/2016							139,537			117,867
Antonio F. Neri											
PfR		226,563	906,250	1,812,500							
Launch PCSO	11/2/2015					647,605				14.49	3,030,792
Launch RSU	11/2/2015							207,039			2,999,995
Annual RSU	12/9/2015							75,758			1,125,006
Annual NQ	12/9/2015								310,101	14.85	1,119,465
Annual PARSU	12/9/2015				62,219	124,438	248,876				2,253,261
HP Separation NQ Acct Cost	11/2/2016							288,873			209,090
ES/CSC PARSU Acct Cost	5/24/2016							124,438			201,652

Executive Compensation — Compensation Discussion and Analysis (continued)

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2][3]						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units[4][5] (#)	All Other Option Awards: Number of Securities Underlying Options[6] (#)	All Other Option Awards: Exercise or Base Price of Option Awards ($)	Grant-Date Fair Value of Stock and Option Awards[7] ($)
Christopher P. Hsu											
PfR		210,938	843,750	1,687,500							
Launch PCSO	11/2/2015					485,704				14.49	2,273,095
Launch RSU	11/2/2015							155,280			2,250,007
Annual RSU	12/9/2015							50,505			749,999
Annual NQ	12/9/2015								206,734	14.85	746,310
Annual PARSU	12/9/2015				41,479	82,958	165,916				1,502,162
HP Separation NQ Acct Cost	11/2/2015							462,083			151,180
ES/CSC PARSU Acct Cost	5/24/2016							82,958			134,433
Robert Youngjohns											
PfR		218,750	875,000	1,750,000							
Launch PCSO	11/2/2015					539,671				14.49	2,525,660
Launch RSU	11/2/2015							172,533			2,500,003
Annual RSU	12/9/2015							63,131			937,495
Annual NQ	12/9/2015								258,417	14.85	932,885
Annual PARSU	12/9/2015				51,849	103,698	207,396				1,877,711
HP Separation PARSU Acct Cost	11/2/2015							50,452			324,270
HP Separation PCSO Acct Cost	11/2/2015							334,890			188,229
HP Separation NQ Acct Cost	11/2/2015							156,713			24,709
ES/CSC PARSU Acct Cost	5/24/2016							116,311			190,982
ES/CSC PCSO Acct Cost	5/24/2016							111,630			94,294

(1) Amounts represent the range of possible cash payouts for fiscal 2016 awards under the PfR program.

(2) Launch Grant PCSO awards vest as follows: one third of the PCSO award will vest upon continued service of one year and our closing stock price is at least 10% over the grant date stock price for at least 20 consecutive trading days within two years from the date of grant; one third will vest upon continued service for two years and our closing stock price is at least 20% over the grant date stock price for at least 20 consecutive trading days within four years from the date of grant; and one third will vest upon continued service of three years and our closing stock price is at least 30% over the grant date stock price for at least 20 consecutive trading days within five years from the date of grant. All PCSO awards have an eight-year term. Because all stock price hurdles were achieved during fiscal 2016, continued service is the only remaining requirement for full vesting.

(3) Fiscal 2016 PARSUs were awarded in the form of performance-based restricted stock in order to preserve eligibility for deduction under Section 162(m) of the Code after the separation from HP. The award amounts represent the range of shares that may vest at the end of the two- and three-year performance periods applicable to the award assuming achievement of threshold, target and maximum performance. PARSUs were originally structured to vest 50% based on performance over two years with continued service, and 50% based on performance over three years with continued service. The awards eligible for two-year vesting are 50% contingent upon our two-year RTSR and 50% contingent on our ROIC performance, and similarly, the awards eligible for three-year vesting are 50% contingent upon our three-year RTSR and 50% contingent on our ROIC performance. To the extent that our RTSR and ROIC performance is below threshold for the performance period, no shares will vest for the applicable tranche. For additional details, see the discussion of PARSU awards under ‘‘Determination of Fiscal 2016 Executive Compensation—Long-term Incentives—Fiscal 2016 PARSUs.’’

(4) RSUs vest as to one-third of the units on each of the first three anniversaries of the grant date, subject to continued service.

(5) The transaction modification values shown as ‘‘HP Separation’’ PARSU and PCSO modification and ‘‘ES/CSC’’ PARSU and PCSO modifications do not represent new grants. Instead, the values represent the number of target units associated with the incremental compensation cost of transaction-related accelerated vesting. In connection with the separation of HPE from HP, unvested HP equity awards were converted to HPE equity awards. In addition, the first tranche of fiscal 2015 PARSUs was vested and settled during fiscal 2016 (based on RTSR and ROIC performance as of October 31, 2016). These modifications resulted in an incremental compensation cost that is reflected in this column. In connection with the ES/CSC spin-merge transaction, fiscal 2015 and fiscal 2016 PARSUs were converted to time-based RSUs based on RTSR and ROIC performance as of October 31, 2016. In addition, the fiscal 2015 PCSOs incurred an incremental cost. See the ‘‘Equity Award Modifications’’ section for more details.

(6) Stock option awards vest as to one-third of the shares on each of the first, second, and third anniversaries of the date of grant.

(7) See footnote (2) to the ‘‘Summary Compensation Table’’ for a description of the method used to determine the grant date fair value of stock awards. This value may differ from the value represented in the Summary Compensation Table due to rounding.

Outstanding Equity Awards at 2016 Fiscal Year-End

The following table provides information on stock and option awards held by the NEOs as of October 31, 2016.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable[1] (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options[2] (#)**	**Option Exercise Price[3] ($)**	**Option Expiration Date[4]**	**Number of Shares or Units of Stock That Have Not Vested[5][6] (#)**	**Market Value of Shares or Units of Stock That Have Not Vested[7] ($)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Margaret C. Whitman	1,865,404	—	—	13.12	9/27/2019	1,579,093	35,482,220	—	—
	625,251	—	—	14.67	12/14/2019	—	—	—	—
	1,472,688	—	—	7.69	12/6/2020	—	—	—	—
	1,190,857	—	—	8.36	1/2/2021	—	—	—	—
	386,822	—	—	15.01	12/11/2021	—	—	—	—
	—	—	1,088,396	20.78	12/10/2022	—	—	—	—
	—	—	1,619,013	14.49	11/2/2023	—	—	—	—
	—	895,846	—	14.85	12/9/2023	—	—	—	—
Timothy C. Stonesifer	—	23,981	—	16.17	3/14/2022	386,276	8,679,622	—	—
	13,488	26,978	—	20.78	12/10/2022	—	—	—	—
	—	—	215,868	14.49	11/2/2023	—	—	—	—
	—	206,734	—	14.85	12/9/2023	—	—	—	—
Michael G. Nefkens	512,076	—	—	9.57	1/16/2021	585,159	13,148,523	—	—
	191,911	—	130,822	15.01	12/11/2021	—	—	—	—
	—	—	418,613	20.78	12/10/2022	—	—	—	—
	—	—	647,605	14.49	11/2/2023	—	—	—	—
	—	310,101	—	14.85	12/9/2023	—	—	—	—
Antonio F. Neri	14,658	—	—	13.12	9/27/2019	566,701	12,733,771	—	—
	14,838	—	—	15.80	12/7/2019	—	—	—	—
	96,349	—	—	7.69	12/6/2020	—	—	—	—
	69,830	—	—	15.01	12/11/2021	—	—	—	—
	240,728	—	—	20.78	12/10/2022	—	—	—	—
	—	—	647,605	14.49	11/2/2023	—	—	—	—
	—	310,101	—	14.85	12/9/2023	—	—	—	—
Christopher P. Hsu	215,823	107,912	—	19.15	7/17/2022	471,580	10,596,403	—	—
	46,116	92,232	—	20.78	12/10/2022	—	—	—	—
	—	—	485,704	14.49	11/2/2023	—	—	—	—
	—	206,734	—	14.85	12/9/2023	—	—	—	—
Robert Youngjohns	—	34,712	—	15.01	12/11/2021	487,088	10,944,867	—	—
	104,475	52,238	—	19.15	7/17/2022	—	—	—	—
	—	—	334,890	20.78	12/10/2022	—	—	—	—
	—	—	539,671	14.49	11/2/2023	—	—	—	—
	—	258,417	—	14.85	12/9/2023	—	—	—	—

[1] Option awards in this column vest with continued service on each of the first, second, and third anniversaries of the date of grant.

[2] Option awards in this column vest upon satisfaction of certain stock price performance conditions of the one-time Launch Grant PCSOs granted on November 2, 2015, and subject to continued service as to one-third of the shares on each of the first, second, and third anniversaries of the date of grant, or upon later satisfaction of certain stock price performance conditions, and subject to continued service in each case. For more information on this grant, and current status of Launch Grant performance conditions, please see ''One-time Special Retention Launch Grants'' section.''

[3] Option exercise prices are the fair market value of HPE stock on the grant date.

[4] All options have an eight-year term.

[5] The amounts in this column include shares underlying dividend equivalent units granted with respect to outstanding stock awards through October 31, 2016. The release date and release amount for dividend equivalents on all unvested stock awards is based on the date the underlying award vests, as follows, assuming continued employment and satisfaction of any applicable financial performance conditions:

- Ms. Whitman: November 2, 2016 (172,532 shares plus accrued dividend equivalent shares); December 9, 2016 (72,951 shares plus accrued dividend equivalent shares); December 10, 2016 (62,583 shares plus accrued dividend equivalent shares); December 11, 2016 (86,628 shares plus accrued dividend equivalent shares); November 2, 2017 (172,533 shares plus accrued dividend equivalent shares); December 9, 2017 (72,952 shares plus accrued dividend equivalent shares); December 10, 2017 (62,584 shares plus accrued dividend equivalent shares); November 2, 2018 (172,533 shares plus accrued dividend equivalent shares); and December 9, 2018 (72,952 shares plus accrued dividend equivalent shares);

- Mr. Stonesifer: November 2, 2016 (23,004 shares plus accrued dividend equivalent shares); December 9, 2016 (16,835 shares plus accrued dividend equivalent shares); December 10, 2016 (4,496 shares plus accrued dividend equivalent shares); March 14, 2017 (23,981 shares plus accrued dividend equivalent shares); May 27, 2017 (53,242 shares plus accrued dividend equivalent shares); November 2, 2017 (23,004 shares plus accrued dividend equivalent shares); December 9, 2017 (16,835 shares plus accrued dividend equivalent shares); December 10, 2017 (4,496 shares plus accrued dividend equivalent shares); May 27, 2018 (53,242 shares plus accrued dividend equivalent shares); November 2, 2018 (23,005 shares plus accrued dividend equivalent shares); and December 9, 2018 (16,835 shares plus accrued dividend equivalent shares);

- Mr. Nefkens: November 2, 2016 (69,013 shares plus accrued dividend equivalent shares); December 9, 2016 (25,252 shares plus accrued dividend equivalent shares); December 10, 2016 (24,070 shares plus accrued dividend equivalent shares); December 11, 2016 (31,986 shares plus accrued dividend equivalent shares); November 2, 2017 (69,013 shares plus accrued dividend equivalent shares); December 9, 2017 (25,253 shares plus accrued dividend equivalent shares); December 10, 2017 (24,071 shares plus accrued dividend equivalent shares); November 2, 2018 (69,013 shares plus accrued dividend equivalent shares); and December 9, 2018 (25,253 shares plus accrued dividend equivalent shares);

- Mr. Neri: November 2, 2016 (69,013 shares plus accrued dividend equivalent shares); December 9, 2016 (25,252 shares plus accrued dividend equivalent shares); December 10, 2016 (32,093 shares plus accrued dividend equivalent shares); December 11, 2016 (11,638 shares plus accrued dividend equivalent shares); June 16, 2017 (18,280 shares plus accrued dividend equivalent shares); November 2, 2017 (69,013 shares plus accrued dividend equivalent shares); December 9, 2017 (25,253 shares plus accrued dividend equivalent shares); December 10, 2017 (32,094 shares plus accrued dividend equivalent shares); November 2, 2018 (69,013 shares plus accrued dividend equivalent shares); and December 9, 2018 (25,253 shares plus accrued dividend equivalent shares);

- Mr. Hsu: November 2, 2016 (51,760 shares plus accrued dividend equivalent shares); November 19, 2016 (24,186 shares plus accrued dividend equivalent shares); December 9, 2016 (16,835 shares plus accrued dividend equivalent shares); December 10, 2016 (15,372 shares plus accrued dividend equivalent shares); May 27, 2017 (17,747 shares plus accrued dividend equivalent shares); July 17, 2017 (46,463 shares plus accrued dividend equivalent shares); November 2, 2017 (51,760 shares plus accrued dividend equivalent shares); December 9, 2017 (16,835 shares plus accrued dividend equivalent shares); December 10, 2017 (15,372 shares plus accrued dividend equivalent shares); May 27, 2018 (17,747 shares plus accrued dividend equivalent shares); November 2, 2018 (51,760 shares plus accrued dividend equivalent shares); and December 9, 2018 (16,835 shares plus accrued dividend equivalent shares); and

- Mr. Youngjohns: November 2, 2016 (57,511 shares plus accrued dividend equivalent shares); December 9, 2016 (21,043 shares plus accrued dividend equivalent shares); December 10, 2016 (19,256 shares plus accrued dividend equivalent shares); December 11, 2016 (11,571 shares plus accrued dividend equivalent shares); July 17, 2017 (17,413 shares plus accrued dividend equivalent shares); November 2, 2017 (57,511 shares plus accrued dividend equivalent shares); December 9, 2017 (21,044 shares plus accrued dividend equivalent shares); December 10, 2017 (19,257 shares plus accrued dividend equivalent shares); November 2, 2018 (57,511 shares plus accrued dividend equivalent shares); and December 9, 2018 (21,044 shares plus accrued dividend equivalent shares).

(6) The amounts in this column also include fiscal year 2015 and 2016 PARSUs that are scheduled to vest in October 2017 and October 2018 based on HPE's fiscal 2016 ROIC and RTSR performance. The release date and release amount of dividend equivalents are as follows, assuming continued employment:

- Ms. Whitman: October 31, 2017 (387,263 shares plus accrued dividend equivalent shares); October 31, 2018 (264,186 shares plus accrued dividend equivalent shares);

- Mr. Stonesifer: October 31, 2017 (60,966 shares plus accrued dividend equivalent shares); October 31, 2018 (60,966 shares plus accrued dividend equivalent shares);

- Mr. Nefkens: October 31, 2017 (138,786 shares plus accrued dividend equivalent shares); October 31, 2018 (91,449 shares plus accrued dividend equivalent shares);

- Mr. Neri: October 31, 2017 (91,449 shares plus accrued dividend equivalent shares); October 31, 2018 (91,449 shares plus accrued dividend equivalent shares);

- Mr. Hsu: October 31, 2017 (60,966 shares plus accrued dividend equivalent shares); October 31, 2018 (60,966 shares plus accrued dividend equivalent shares); and

- Mr. Youngjohns: October 31, 2017 (114,077 shares plus accrued dividend equivalent shares); October 31, 2018 (76,208 shares plus accrued dividend equivalent shares).

(7) Value calculated based on the $22.47 closing price of HPE stock on October 31, 2016.

Option Exercises and Stock Vested in Fiscal 2016

The following table provides information about options exercised and stock awards vested for the NEOs during fiscal 2016:

	Option Awards		Stock Awards[1]	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise[2] ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting[3] ($)
Margaret C. Whitman	—	—	240,654	5,481,356
Timothy C. Stonesifer	47,960	280,086	79,048	1,397,531
Michael G. Nefkens	107,500	721,587	128,786	2,541,630
Antonio F. Neri	213,399	2,132,378	18,874	352,189
Christopher P. Hsu	—	—	66,197	1,281,411
Robert Youngjohns	210,763	1,569,904	102,629	1,839,415

(1) Includes PARSUs, RSUs, and accrued dividend equivalent shares.

(2) Represents the amounts realized based on the difference between the exercise price and the market price of shares of HPE stock on the date of exercise.

(3) Represents the amounts realized based on the fair market value of HPE stock on the vesting date for PARSUs, RSUs, and accrued dividend equivalent shares. Fair market value is determined based on the closing price of HPE stock on the applicable vesting date.

Fiscal 2016 Pension Benefits Table

The following table provides information about the present value of accumulated pension benefits payable to each NEO:

Name[1]	Plan Name[2]	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit[3] ($)	Payments During Last Fiscal Year ($)
Margaret C. Whitman		—	—	—
Timothy C. Stonesifer		—	—	—
Michael G. Nefkens		—	—	—
Antonio F. Neri	Nederland Plan IRG	3.2 20.5	$71,182 $92,257	— —
Christopher P. Hsu		—	—	—
Robert Youngjohns		—	—	—

(1) Ms. Whitman, Mr. Stonesifer, Mr. Nefkens, Mr. Hsu, and Mr. Youngjohns are not eligible to receive benefits under any HPE defined benefit pension plan because HPE did not retain sponsorship of the pension plan (if any) in which they participated, when it separated from HP.

(2) The ''Nederland Plan'' refers to the Stichting Pensioenfonds Hewlett Packard Nederland, a multiple employer pension under which HPE currently participates. The ''IRG'' refers to the International Retirement Guarantee.

(3) Because the change in the pension table amounts from those for the prior fiscal year determine the increase in pension value, both the current assumptions as of October 31, 2016 and for the prior fiscal year as of October 31, 2015 have been included in the following description. Mr. Neri participated in an HP pension plan while employed in the Netherlands. As of October 31, 2016, the present value for this plan benefit is based on a discount rate of 1.50% and mortality in accordance with the AG forecast table 2016. As of October 31, 2015, the assumptions included a discount rate of 2.47% and mortality in accordance with the AG forecast table 2014. The earliest unreduced retirement age in the Dutch pension plan is age 67. Due to his transfer from the Netherlands to the U.S. at the request of the Company, Mr. Neri is also covered

under the IRG. As of October 31, 2016, the present value of IRG benefits is based on a discount rate of 3.15%, lump sum interest rates of 1.47% for the first five years, 3.34% for the next 15 years and 4.30% thereafter, and applicable mortality. As of October 31, 2015, the assumptions included a discount rate of 3.55%, lump sum interest rates of 1.69% for the first five years, 4.11% for the next 15 years and 5.07% thereafter, and applicable mortality. The earliest unreduced retirement age for the IRG based on Mr. Neri's employment history is age 65.

NARRATIVE TO THE FISCAL 2016 PENSION BENEFITS TABLE

HPE does not sponsor any qualified U.S. defined benefit pension plans and only participates in one nonqualified U.S. defined benefit retirement plan for selected international transfers. As a result, no NEO currently accrues a benefit under any U.S. qualified defined benefit pension plan. Benefits previously accrued by the NEOs under non-U.S. HPE pension plans are payable to them following termination of employment, subject to the terms of the applicable plan. Mr. Neri who is a participant in the nonqualified U.S. plan for international transfers has the potential to accrue a benefit under the International Retirement Guarantee (''IRG''), but only in the event that HPE requires him to change the country of his employment.

TERMS OF THE NETHERLANDS PENSION PROGRAM

Mr. Neri earned a pension benefit under a Netherlands pension program based on his final pay and years of service while employed by HP in the Netherlands. The pension plan considers a pensionable base which is salary less an offset; the offset reflects the Dutch social security benefits which do not vary with pay levels. The annual accrual that was provided when Mr. Neri participated was 1.75% of his final pensionable base. There is also a 70% spouse's benefit provided upon his death while receiving retirement payments. The benefit under the Dutch pension plan is subject to an annual conditional indexation. In 2014, with Dutch law changes to extend unreduced retirement ages, all previously accrued benefits were converted to a pension commencing at age 67.

TERMS OF THE INTERNATIONAL RETIREMENT GUARANTEE

Employees who transferred internationally at HP's request prior to 2000 were put into an international umbrella plan. This plan determines the country of guarantee which is generally the country in which an employee has spent the longest portion of his HP or HPE career. For Mr. Neri, the country of guarantee is currently the U.S. The IRG determines the present value of a full career benefit for Mr. Neri under the HP Inc. sponsored retirement benefit plans that applied to employees working in the US prior to separation, and to the HPE 401(k) plan after separation, and U.S. Social Security (since the U.S. is his country of guarantee) then offsets the present value of the retirement benefits from plans and social insurance systems in the countries in which he earned retirement benefits for his total period of HP and HPE employment. The net benefit value is payable as a single sum as soon as practicable after termination or retirement. This is a nonqualified retirement plan.

We do not sponsor any other supplemental defined benefit pension plans or special retiree medical benefit plans for executive officers.

Fiscal 2016 Non-qualified Deferred Compensation Table

The following table provides information about contributions, earnings, withdrawals, distributions, and balances under the EDCP:

Name	Executive Contributions in Last FY[1] ($)	Registrant Contributions in Last FY[2] ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at FY End ($)
Margaret C. Whitman	—	—	—	—	—
Timothy C. Stonesifer	—	—	913	—	19,205
Michael G. Nefkens	—	—	—	—	—
Antonio F. Neri	—	—	—	—	—
Christopher P. Hsu	119,375	10,600	12,245	—	182,500
Robert Youngjohns	—	—	—	—	—

(1) The amounts reported here as ‘‘Executive Contributions’’ and ‘‘Registrant Contributions’’ are reported as compensation to such NEO in the ‘‘Summary Compensation Table’’ above.

(2) The contributions reported here as ‘‘Registrant Contributions’’ were made in fiscal 2016 with respect to calendar year 2015 participant base pay deferrals. During fiscal 2016, the NEOs were eligible to receive a 4% matching contribution on base pay deferrals that exceeded the limit under the Code that applies to the qualified HPE 401(k) Plan up to a maximum of two times that limit.

NARRATIVE TO THE FISCAL 2016 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The amounts reported in the Non-qualified Deferred Compensation Table were provided under the EDCP, a non-qualified deferred compensation plan that permits eligible U.S. employees to defer base pay in excess of the amount taken into account under the qualified HPE 401(k) Plan and bonus amounts of up to 95% of the annual incentive bonus payable under the PfR program. In addition, a matching contribution is available under the plan to eligible employees. The matching contribution applies to base pay deferrals on compensation above the Code limit that applies to the qualified HPE 401(k) Plan up to a maximum of two times that compensation limit (for fiscal 2016 matching contributions, on calendar year 2015 base pay from $265,000 to $530,000). During fiscal 2016, the NEOs were eligible for a matching contribution of up to 4% on base pay contributions in excess of the Code limit up to a maximum of two times that limit. In effect, the EDCP permits these executives and all employees to receive a 401(k)-type matching contribution on a portion of base pay deferrals in excess of Code limits.

Upon becoming eligible for participation, employees must specify the amount of base pay and/or the percentage of annual incentives to be deferred, as well as the time and form of payment. If termination of employment occurs before retirement (defined under the EDCP as at least age 55 with 15 years of service), distribution is made in the form of a lump sum in January of the year following the year of termination, subject to any delay required under Section 409A of the Code. At retirement (or earlier, if properly elected), benefits are paid according to the distribution election made by the participant at the time of the deferral election subject to any delay required under Section 409A of the Code. No withdrawals are permitted prior to the previously elected distribution date, other than ‘‘hardship’’ withdrawals as permitted by applicable law.

Amounts deferred or credited under the EDCP are credited with notional investment earnings based on participant investment elections made from among the investment options available under the HPE 401(k) Plan. Accounts maintained for participants under the EDCP are not held in trust, and all such accounts are subject to the claims of general creditors of HPE. No amounts are credited with above-market earnings.

Potential Payments Upon Termination or Change in Control

The amounts in the following table estimate potential payments that would have been due if an NEO had terminated employment with HPE effective October 31, 2016 under each of the circumstances specified below. These amounts are in addition to benefits generally available to U.S. employees upon termination of employment, such as distributions from the HPE 401(k) Plan and payment of accrued vacation where required.

				Long-term Incentive Programs[3]		
Name	**Termination Scenario**	**Total[1] ($)**	**Severance[2] ($)**	**Stock Options**	**Restricted Stock**	**PARSU**
Margaret C. Whitman	Voluntary/For Cause	—	—	—	—	—
	Disability	60,558,263	—	24,228,590	21,657,662	14,672,011
	Retirement	—	—	—	—	—
	Death	60,558,263	—	24,228,590	21,657,662	14,672,011
	Not for Cause	67,732,489	7,174,226	24,228,590	21,657,662	14,672,011
	Change in Control	67,732,489	7,174,226	24,228,590	21,657,662	14,672,011
Timothy C. Stonesifer	Voluntary/For Cause	—	—	—	—	—
	Disability	12,159,994	—	3,494,613	5,925,569	2,739,812
	Retirement	—	—	—	—	—
	Death	12,159,994	—	3,494,613	5,925,569	2,739,812
	Not for Cause	14,276,470	2,116,476	3,494,613	5,925,569	2,739,812
	Change in Control	14,276,470	2,116,476	3,494,613	5,925,569	2,739,812
Michael G. Nefkens	Voluntary/For Cause	—	—	—	—	—
	Disability	22,688,745	—	9,214,246	8,288,041	5,186,458
	Retirement	—	—	—	—	—
	Death	22,688,745	—	9,214,246	8,288,041	5,186,458
	Not for Cause	24,954,804	2,266,059	9,214,246	8,288,041	5,186,458
	Change in Control	24,954,804	2,266,059	9,214,246	8,288,041	5,186,458
Antonio F. Neri	Voluntary/For Cause	—	—	—	—	—
	Disability	20,830,502	—	8,116,788	8,603,951	4,109,763
	Retirement	—	—	—	—	—
	Death	20,830,502	—	8,116,788	8,603,951	4,109,763
	Not for Cause	23,081,316	2,250,814	8,116,788	8,603,951	4,109,763
	Change in Control	23,081,316	2,250,814	8,116,788	8,603,951	4,109,763
Christopher P. Hsu	Voluntary/For Cause	—	—	—	—	—
	Disability	18,478,234	—	7,274,059	6,918,022	4,286,153
	Retirement	—	—	—	—	—
	Death	18,478,234	—	7,274,059	6,918,022	4,286,153
	Not for Cause	20,686,938	2,208,704	7,274,059	6,918,022	4,286,153
	Change in Control	20,686,938	2,208,704	7,274,059	6,918,022	4,286,153
Robert Youngjohns	Voluntary/For Cause	—	—	—	—	—
	Disability	16,542,926	—	5,965,371	7,837,743	2,739,812
	Retirement	—	—	—	—	—
	Death	16,542,926	—	5,965,371	7,837,743	2,739,812
	Not for Cause	18,674,818	2,131,892	5,965,371	7,837,743	2,739,812
	Change in Control	18,674,818	2,131,892	5,965,371	7,837,743	2,739,812

[1] Total does not include amounts earned or benefits accumulated due to continued service by the NEO through October 31, 2016, including vested stock options, PCSOs, RSUs, PARSUs, accrued retirement benefits, and vested balances in the EDCP, as those amounts are detailed in the preceding tables. Total also does not include amounts the NEO was eligible to receive under the annual PfR program with respect to fiscal 2016 performance. For Mr. Neri, the total does not include amounts payable from the Netherlands pension programs in which he

participates, as those are fully described under the Fiscal 2016 Pension Benefits Table.

(2) For Ms. Whitman, the amounts reported represent the cash benefits payable under the SPEO pursuant to Ms. Whitman's employment offer letter, which provides that Ms. Whitman is entitled to receive severance benefits payable under the SPEO at the rate applicable to an EVP rather than the rate applicable to the CEO (that is, using a 1.5x multiple of base pay plus the three-year average of annual incentive payments, rather than the 2.0x multiplier otherwise applicable to the CEO under the SPEO). For the other NEOs, the amounts reported are the cash benefits payable in the event of a qualifying termination under the SPEO.

(3) As discussed under ''Equity Award Modifications'', all outstanding equity held by HPE employees as of May 24, 2016 will vest in full upon the termination of the employee's employment by the Company without cause (as defined in the SPEO). This includes termination due to disability, death, and change in control. Performance-contingent stock options will vest in full without regard to whether the stock price component or other performance-based requirements of the award have been met.

NARRATIVE TO THE POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

This narrative reflects plans and provisions in effect as of October 31, 2016. In fiscal 2016, Section 16 officers (including all of the NEOs) were covered by the Severance Plan for Executive Officers (''SPEO''), which was intended to protect HPE and its stockholders, and provide a level of transition assistance in the event of an involuntary termination of employment. Under the SPEO, participants who incur an involuntary termination, not for cause, and who execute a full release of claims following such termination, which release has not been revoked or attempted to be revoked, are eligible to receive severance benefits in an amount determined as a multiple of the sum of base pay and the average of the actual annual incentives paid for the preceding three years. In the case of the NEOs, the multiplier is 1.5. In the case of the CEO, the multiplier would have been 2.0 under the terms of the SPEO, but Ms. Whitman has elected to be eligible for the same multiplier as the other NEOs. In all cases, this benefit will not exceed 2.99 times the sum of the executive's base pay plus target annual incentive as in effect immediately prior to the termination of employment.

In addition to the cash benefit, the participants of the SPEO were eligible to receive (1) a pro-rata annual incentive for the year of termination based on actual performance results, (2) pro-rata vesting of unvested equity awards if any applicable performance conditions have been satisfied, and (3) for payment of a lump-sum health-benefit stipend of an amount equal to 18 months' COBRA premiums for continued group medical coverage for the executive and his or her eligible dependents, to the extent those premiums exceed 18 times the monthly premiums for active employees in the same plan with the same level of coverage as of the date of termination.

VOLUNTARY OR FOR ''CAUSE'' TERMINATION

In general, an NEO who remained employed through October 31, 2016 (the last day of the fiscal year), but voluntarily terminated employment immediately thereafter, or was terminated immediately thereafter in a for ''cause'' termination, would be eligible (1) to receive his or her annual incentive amount earned for fiscal 2016 under the PfR program (subject to any discretionary downward adjustment or elimination by the HRC Committee prior to actual payment, and to any applicable clawback policy), (2) to exercise his or her vested stock options up to three months following termination, (3) to receive a distribution of vested amounts deferred or credited under the EDCP, and (4) to receive a distribution of his or her vested benefits, if any, under the HPE 401(k) Plan (and Mr. Neri would also be entitled to his pensions that are payable under the IRG and the pension programs available in the Netherlands). An NEO who terminated employment before October 31, 2016, either voluntarily or in a for ''cause'' termination, would generally not have been eligible to receive any amount under the PfR program with respect to the fiscal year in which the termination occurred, except that the HRC Committee has the discretion to make payment of prorated bonus amounts to individuals on leave of absence or in non-pay status, as well as in connection with certain voluntary severance incentives, workforce reductions, and similar programs.

NOT FOR ''CAUSE'' TERMINATION

A not for ''cause'' termination of an NEO who remained employed through October 31, 2016 and was terminated immediately thereafter would qualify the NEO for the amounts described above under a ''voluntary'' termination in addition to benefits under the SPEO if the NEO signs the required release of claims in favor of HPE.

In addition to the cash severance benefits and pro-rata equity awards payable under the SPEO, the NEO would be eligible to exercise vested stock options up to one year after termination. The NEO's equity awards that were subject to modification on May 24, 2016, would also be eligible for the treatment described under ''Equity Award Modifications.''

TERMINATION FOLLOWING A CHANGE IN CONTROL

The SPEO provides for full accelerated vesting of outstanding stock options, RSUs, and PCSOs upon involuntary termination not for cause or voluntary termination for good reason (as defined in the plan) within 24 months after a change in control in which HPE is the survivor or the survivor assumes or replaced the equity awards (''double trigger''), with PARSUs vesting based on target performance. In situations where HPE is not the survivor and equity awards are not assumed by the surviving corporation, vesting will be automatically accelerated upon the change in control, with PARSUs vesting based upon the greater of the number of PARSUs that would vest based on actual performance and the number of PARSUs that would vest pro-rata based upon target performance. In addition, the equity awards granted to NEOs that were subject to modification on May 24, 2016, would be eligible for the treatment described under ''Equity Award Modifications.''

DEATH OR DISABILITY TERMINATIONS

An NEO who continued employment through October 31, 2016 and whose employment was terminated immediately thereafter due to death or disability would be eligible (1) to receive his or her full annual incentive amount earned for fiscal 2016 determined by HPE in its sole discretion, (2) to receive a distribution of vested amounts deferred or credited under the EDCP, and (3) to receive a distribution of his or her vested benefits under the HPE 401(k) and any HPI pension plans.

Upon termination due to death or disability, equity awards held by the NEO may vest in full or in part. If termination is due to disability, stock options, RSUs, PARSUs, and PCSOs will vest in full, subject to satisfaction of applicable performance conditions, and must be exercised within three years of termination or by the original expiration date, if earlier. If termination is due to the NEO's death, stock options and PCSOs will vest in full and must be exercised within one year of termination or by the original expiration date, if earlier; RSUs will vest as to a prorated number of shares based on the number of whole calendar months worked during the total vesting period and PARSUs will vest at the end of the applicable performance period as to a prorated number of shares based on the number of whole calendar months worked during the performance period and subject to actual performance. Please see ''Changes to Retirement Provisions for Equity Awards in Fiscal 2017'' for changes made for fiscal 2017.

HPE RETIREMENT ARRANGEMENTS

Effective January 1, 2016, HPE revised its retirement eligibility criteria for United States employees with respect to all equity awards then-outstanding or granted following that date. Upon retirement on or after age 55, with age plus years of service totaling at least 70 at the time of termination, HPE employees in the United States are entitled to the benefits described below. For option awards granted prior to November 1, 2016, HPE employees in the United States receive full vesting of time-vested options and time-vested RSUs granted under our stock plans with a three-year post-termination exercise period in the case of options. PCSOs will receive prorated vesting if the stock price appreciation conditions are met and may vest on a prorated basis post-termination to the end of the performance period, subject to stock price appreciation conditions and certain post-employment restrictions. For a description of the vesting treatment on retirement of time-vested equity awards granted on or after November 1, 2016, please see ''Changes to Retirement Provisions for Equity Awards in Fiscal 2017.'' PARSUs (whether granted as units or stock), if any, are paid on a prorated basis to retired participants at the end of the performance period based on actual results, and bonuses, if any, under the annual incentive program may be paid in prorated amounts at the discretion of management based on actual results. If required in accordance with Section 409A of the Code, certain amounts payable upon retirement (or other termination of employment) of the NEOs and other key employees will not be paid out for at least six months following termination of employment.

The U.S. retiree medical program we sponsor for which our NEOs may be eligible provides eligible retirees with access to coverage at group rates only, with no direct subsidy provided by HPE. All NEOs could be eligible for this program if they retire from HPE on or after age 55 with at least ten years of qualifying service or a combination of age plus years of service totaling at least 80. In addition, beginning at age 45, eligible U.S. employees may participate in the HPE Retirement Medical Savings Account Plan (the ‘‘RMSA’’), under which participants are eligible to receive HPE matching credits of up to $1,200 per year, beginning at age 45, and provided that, the employee’s most recent hire date with HP was prior to August 1, 2008, up to a lifetime maximum of $12,000, which can be used to cover the cost of such retiree medical coverage (or other qualifying medical expenses) if the employee retires from HPE on or after age 55 with at least ten years of qualifying service or a combination of age plus years of service totaling at least 80. Mr. Neri is the only NEO currently eligible for the HPE matching credits under the RMSA. HPE continues to sponsor this program for its employees after the separation from HP.

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of October 31, 2016:

Plan Category	Common shares to be issued upon exercise of outstanding options, warrants and rights[2]	Weighted-average exercise price of outstanding options, warrants and rights[3]	Common shares available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by HPE stockholders	109,840,717[1]	$15.1224	200,036,451[4]
Equity compensation plans not approved by HPE stockholders	—	—	—
Total	109,840,717	$15.1224	200,036,451

[1] Includes awards of options and restricted stock units outstanding under the Hewlett Packard Enterprise 2015 Stock Incentive Plan. Also includes awards of PRUs representing 3,225,812 shares that may be issued under the Hewlett Packard Enterprise 2015 Stock Incentive Plan. Each PRU award reflects a target number of shares that may be issued to the award recipient. Hewlett Packard Enterprise determines the actual number of shares the recipient receives at the end of a three-year performance period based on results achieved versus company performance goals and stockholder return relative to the market. The actual number of shares that a grant recipient receives at the end of the period may range from 0% to 200% of the target number of shares.

[2] This column does not reflect awards of options and restricted stock units assumed in acquisitions where the plans governing the awards were not available for future awards as of October 31, 2016. As of October 31, 2016 individual awards of options and restricted stock units to purchase a total of 6,585,408 shares were outstanding pursuant to awards assumed in connection with acquisitions and granted under such plans at a weighted-average exercise price of $8.4454.

[3] This column does not reflect the exercise price of shares underlying the assumed options referred to in footnote (2) to this table or the purchase price of shares to be purchased pursuant to the ESPP plan. In addition, the weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding awards of restricted stock units and PRUs, which have no exercise price.

[4] Includes 123,551,605 shares available for future issuance under the Amended and Restated Hewlett Packard Enterprise 2015 Stock Incentive Plan; and 76,484,846 shares available for future issuance under the Hewlett Packard Enterprise ESPP.

Audit-Related Matters

Principal Accounting Fees and Services

The Audit Committee has appointed Ernst & Young LLP (''EY'') as our independent registered public accounting firm for the fiscal year ending October 31, 2017. Stockholders are being asked to ratify the appointment of EY at the annual meeting pursuant to Proposal No. 2. Representatives of EY are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

FEES INCURRED FOR ERNST & YOUNG LLP

The following table shows the fees paid or accrued by our former parent, Hewlett-Packard Company, for audit and other services provided by EY for fiscal 2015 and the fees paid or accrued by Hewlett Packard Enterprise for fiscal 2016. Prior to the separation of Hewlett Packard Enterprise from Hewlett-Packard Company, our former parent paid all audit, audit-related, tax and other fees of Ernst & Young LLP. As a result, the amounts reported below for fiscal 2015 are not directly comparable to the fees paid by Hewlett Packard Enterprise for fiscal 2016.

	2016	2015
	In millions	
Audit Fees[1]	$37.5	$ 65.7
Audit-Related Fees[2]	24.0	21.9
Tax Fees[3]	11.9	21.0
All Other Fees[4]	3.8	4.1
Total	$77.2	$112.7

In accordance with its written charter, the Audit Committee is responsible for the pre-approval of all audit and non-audit services performed by the independent registered public accounting firm.

The former Parent Audit Committee or the HPE Audit Committee approved all of the fees above.

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements, the separation and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) Audit-related fees consisted primarily of service organization control examinations and other attestation services of $11.2 million and $9.4 million for fiscal 2016 and fiscal 2015, respectively. For fiscal 2016 and fiscal 2015, audit-related fees also included separation related activities, employee benefit plan audits and merger and acquisition due diligence of $12.8 million and $12.5 million, respectively.

(3) For fiscal 2016, tax fees included primarily separation related tax activities and tax planning fees of $10.8 million and tax compliance fees of $1.1 million. For fiscal 2015, tax fees included primarily tax advice and tax planning fees of $19.8 million and tax compliance fees of $1.2 million.

(4) For fiscal 2016 and 2015, all other fees included primarily advisory service fees.

Audit Committee Composition

The Audit Committee of Hewlett Packard Enterprise is composed of four directors, Michael J. Angelakis, Leslie A. Brun, Pamela L. Carter, and Mary Agnes Wilderotter. Ms. Wilderotter serves as the Chair of the Audit Committee. Every member of the Audit Committee is independent and three, including the Chair, are audit experts.

Audit Committee Oversight

The purpose of the Audit Committee is to represent and assist the Board of Directors in fulfilling its responsibilities for generally overseeing our financial reporting process and financial statements, as well as compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm, and risk assessment and risk management. The Audit Committee, in its discretion, may request a review of any issue it deems necessary to ensure the integrity of the Company's financial statements, adherence to regulatory requirements, or adherence with the Company's Enterprise Risk Management (ERM) program. The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and receives appropriate funding, as determined by the Audit Committee, from Hewlett Packard Enterprise for such advice and assistance.

A more expansive listing of the Audit Committee's duties and responsibilities can be found in the Audit Committee Charter, which is reviewed annually by the NGSR Committee and available at: http://investors.hpe.com/~/media/Files/H/HP-Enterprise-IR/documents/committees/audit-committee-charter-october2015.pdf.

Selection and Oversight of External Auditor

The Audit Committee appoints, compensates, oversees, and manages Hewlett Packard Enterprise's relationship with its independent registered public accounting firm (which reports directly to the Audit Committee). Ernst & Young LLP, has served as Hewlett Packard Enterprise's independent registered public accounting firm since the company's inception in 2015.

In reviewing and approving audit and non-audit service fees, the Audit Committee considers a number of factors including scope and quality of work, as well as an assessment of impact on auditor independence of non-audit fees and services.

In selecting HPE's independent registered public accounting firm, the Audit Committee conducts an assessment of the firm's qualifications and performance; the quality and candor of their communications with the Audit Committee and the Company; and our auditor's independence, objectivity, and professionalism.

Committee Meetings

The Audit Committee disposes of its duties through a series of regularly-scheduled meetings, including dedicated meetings to review quarterly earnings releases and financial filings with the SEC, and regular communications from the Company on material risk oversight matters. At least six Audit Committee meetings are held each year. During fiscal 2016, the Audit Committee met a total of 12 times. The Audit Committee reviews and discusses a number of different topics and items of business in meetings including, but not limited to, annual risk management overviews, internal audit matters, Sarbanes-Oxley 404 plan matters, ethics and compliance trends and matters, earnings releases, auditor updates, required disclosures, and business segment specific risk reviews. Management, internal audit, and EY are invited to attend committee meetings and present on these topics as well as internal and external audit plans and budget forecasts.

The Audit Committee regularly meets in separate executive sessions at which only members are present and in private sessions with each of management, the internal auditors, and the independent registered public accounting firm. During fiscal 2016, the Audit Committee held 3 executive sessions, 4 private sessions with management, 4 private sessions with the head of internal audit, and 4 private sessions with EY.

Report of the Audit Committee of the Board of Directors

Hewlett Packard Enterprise's management is primarily responsible for Hewlett Packard Enterprise's internal control and financial reporting process. Hewlett Packard Enterprise's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of Hewlett Packard Enterprise's consolidated and combined financial statements and issuing opinions on the conformity of those audited financial statements with United States generally accepted accounting principles and the effectiveness of Hewlett Packard Enterprise's internal control over financial reporting. The Audit Committee monitors Hewlett Packard Enterprise's financial reporting process and reports to the Board on its findings.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with Hewlett Packard Enterprise's management.

2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board (''PCAOB'').

3. The Audit Committee has received from the independent registered public accounting firm the written disclosures and the letter required by the applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence.

4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2016, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE
Michael J. Angelakis
Leslie A. Brun
Pamela L. Carter
Mary Agnes Wilderotter, Chair

Other Matters

We know of no other matters to be submitted to the stockholders at the annual meeting. If any other matters properly come before the stockholders at the annual meeting, it is the intention of the persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment.

Questions and Answers

PROXY MATERIALS

1. **Why am I receiving these materials?**

   We have made these materials available to you or delivered paper copies to you by mail in connection with our annual meeting of stockholders, which will take place online on Wednesday, March 22, 2017. As a stockholder, you are invited to participate in the annual meeting via live webcast and vote on the business items described in this proxy statement. This proxy statement includes information that we are required to provide to you under U.S. Securities and Exchange Commission (the ''SEC'') rules and that is designed to assist you in voting your shares. See Questions 16 and 17 below for information regarding how you can vote your shares at the annual meeting or by proxy (without attending the annual meeting).

2. **What is included in the proxy materials?**

   The proxy materials include:

   - our proxy statement; and
   - 2016 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended October 31, 2016.

   If you received a paper copy of these materials by mail, the proxy materials also include a proxy card or a voting instruction card for the annual meeting. If you received a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials, see Questions 16 and 17 below for information regarding how you can vote your shares.

3. **What information is contained in this proxy statement?**

   The information in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the Board and Board committees, the compensation of our directors and certain executive officers for fiscal 2016 when they served in roles at our former parent, and other required information.

4. **Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the full set of proxy materials?**

   This year, we are again pleased to be using the SEC rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our stockholders a notice of the Internet availability of the proxy materials instead of a paper copy of the proxy materials. All stockholders receiving the notice will have the ability to access the proxy materials over the Internet and request to receive a paper copy of the proxy materials by mail. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the notice of the Internet availability of the proxy materials. In addition, the notice contains instructions on how you may request access to proxy materials in printed form by mail or electronically on an ongoing basis.

5. **Why didn't I receive a notice in the mail about the Internet availability of the proxy materials?**

   We are providing some of our stockholders, including stockholders who have previously requested to receive paper copies of the proxy materials and some of our stockholders who are living outside of the United States, with paper copies of the proxy materials instead of a notice of the Internet availability of the proxy materials.

   In addition, we are providing proxy materials or notice of the Internet availability of the proxy materials by e-mail to those stockholders who have previously elected delivery of the proxy materials or notice electronically. Those stockholders should receive an e-mail containing a link to the website where those materials are available and a link to the proxy voting website.

6. **How can I access the proxy materials over the Internet?**

   Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how to:

   - view our proxy materials for the annual meeting on the Internet; and

- instruct us to send our future proxy materials to you electronically by e-mail.

Our proxy materials are available on our website at **www.hpe.com/investor/stockholdermeeting2017** and our proxy materials will be available during the voting period on www.proxyvote.com for beneficial owners and proxyvote.com/hpe for registered stockholders.

Your notice of the Internet availability of the proxy materials, proxy card or voting instruction card will contain instructions on how you may request access to proxy materials electronically on an ongoing basis. Choosing to access your future proxy materials electronically will help us conserve natural resources and reduce the costs of distributing our proxy materials. If you choose to access future proxy materials electronically, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to access proxy materials by e-mail will remain in effect until you terminate it.

7. How may I obtain a paper copy of the proxy materials?

Stockholders receiving a notice of the Internet availability of the proxy materials will find instructions about how to obtain a paper copy of the proxy materials on their notice. Stockholders receiving notice of the Internet availability of the proxy materials by e-mail will find instructions about how to obtain a paper copy of the proxy materials as part of that e-mail. All stockholders who do not receive a notice or an e-mail will receive a paper copy of the proxy materials by mail.

8. I share an address with another stockholder, and we received only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How may I obtain an additional copy?

If you share an address with another stockholder, you may receive only one paper copy of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, unless you have provided contrary instructions. If you are a beneficial owner and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting your individual broker. If you wish to receive a separate set of the proxy materials or notice of the Internet availability of the proxy materials now, please request the additional copy by contacting Broadridge Financial Solutions, Inc. (''Broadridge'') at:

By Internet: www.proxyvote.com (beneficial owners) or proxyvote.com/hpe (registered stockholders)

By telephone: 1-800-579-1639

By e-mail: sendmaterial@proxyvote.com

If you request a separate set of the proxy materials or notice of Internet availability of the proxy materials by e-mail, please be sure to include your control number in the subject line. A separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, will be sent promptly following receipt of your request.

If you are a stockholder of record and wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please contact our transfer agent. See Question 23 below.

If you are the beneficial owner of shares held through a broker, trustee or other nominee and you wish to receive a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable, in the future, please call Broadridge at:

1-866-540-7095

All stockholders also may write to Hewlett Packard Enterprise at the address below to request a separate set of proxy materials or notice of the Internet availability of the proxy materials, as applicable:

NASDAQ, INC.
Attn: Kristoffer Valukis
325 Donald Lynch Blvd., Ste. 120
Marlborough, MA 01752

9. I share an address with another stockholder, and we received more than one paper copy of the proxy materials or notice of the Internet availability of the proxy materials. How do we obtain a single copy in the future?

Stockholders of record sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the future may contact our transfer agent. See Question 23 below.

Beneficial owners of shares held through a broker, trustee or other nominee sharing an address who are receiving multiple copies of the proxy materials or notice of the Internet availability of the proxy materials, as applicable, and who wish to receive a single copy of such materials in the future may contact Broadridge at:

1-866-540-7095

10. What should I do if I receive more than one notice or e-mail about the Internet availability of the proxy materials or more than one paper copy of the proxy materials?

You may receive more than one notice, more than one e-mail or more than one paper copy of the proxy materials, including multiple paper copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice, a separate e-mail or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one notice, more than one e-mail or more than one proxy card. To vote all of your shares by proxy, you must complete, sign, date and return each proxy card and voting instruction card that you receive and vote over the Internet the shares represented by each notice and e-mail that you receive (unless you have requested and received a proxy card or voting instruction card for the shares represented by one or more of those notices or e-mails).

11. How may I obtain a copy of Hewlett Packard Enterprise's 2016 Form 10-K and other financial information?

Stockholders may request a free copy of our 2016 Annual Report, which includes our 2016 Form 10-K, from:

NASDAQ, INC.
Attn: Kristoffer Valukis
325 Donald Lynch Blvd., Ste. 120
Marlborough, MA 01752

Alternatively, stockholders can access the Proxy Statement and 2016 Annual Report, which includes our 2016 Form 10-K, on Hewlett Packard Enterprise's Investor Relations website at:

www.hpe.com/investor/stockholdermeeting2017

We also will furnish any exhibit to the 2016 Form 10-K if specifically requested.

VOTING INFORMATION

12. What proposals will be voted on at the annual meeting?

Stockholders will vote on four proposals at the annual meeting:

- the election to the Board of 14 director nominees;
- the ratification of the appointment of our independent registered public accounting firm for the 2017 fiscal year;
- the advisory vote to approve executive compensation; and
- the approval of 162(m)-related provisions of 2015 Company Stock Incentive Plan.

We also will consider any other business that properly comes before the annual meeting. See Question 30 below.

13. How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

- FOR each of the nominees for election to the Board,
- FOR the ratification of the appointment of our independent registered public accounting firm, and
- FOR the advisory approval of the compensation of our named executive officers, and
- FOR approval of 162(m)-related provisions of 2015 Company Stock Incentive Plan.

14. What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a broker, trustee or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

- **Stockholder of Record**—If your shares are registered directly in your name with our transfer agent, you are considered, with respect to those shares, the ‘‘stockholder of record.’’ As the stockholder of record, you have the right to grant your voting proxy directly to Hewlett Packard Enterprise or to a third party, or to vote your shares during the meeting.
- **Beneficial Owner**—If your shares are held in a brokerage account, by a trustee or by another nominee (that is, in ‘‘street name’’), you are considered the ‘‘beneficial owner’’ of those shares. As the beneficial owner of those shares, you have the right to direct your broker, trustee or nominee how to vote, or to vote your shares during the annual meeting (other than shares held in the Hewlett Packard Enterprise Company Plan (the ‘‘Hewlett Packard Enterprise 401(k) Plan’’), which must be voted prior to the annual meeting).

15. Who is entitled to vote and how many shares can I vote?

Each holder of shares of Hewlett Packard Enterprise common stock issued and outstanding as of the close of business on January 23, 2017, the record date for the annual meeting, is entitled to cast one vote per share on all items being voted upon at the annual meeting. You may vote all shares owned by you as of this time, including (1) shares held directly in your name as the stockholder of record, including shares purchased through our dividend reinvestment program and employee stock purchase plans, and shares held through our Direct Registration Service; and (2) shares held for you as the beneficial owner through a broker, trustee or other nominee.

On the record date, Hewlett Packard Enterprise Company had approximately 1,664,856,442 shares of common stock issued and outstanding.

16. How can I vote my shares during the annual meeting?

This year’s annual meeting will be held entirely online to allow greater participation. Stockholders may participate in the annual meeting by visiting the following website:

HPE.onlineshareholdermeeting.com

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

Shares held in your name as the stockholder of record may be voted electronically during the annual meeting. Shares for which you are the beneficial owner but not the stockholder of record also may be voted electronically during the annual meeting, except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically during the annual meeting. If you hold shares in the Hewlett Packard Enterprise 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 17, 2017 for the trustee to vote your shares. However, holders of shares in the Hewlett Packard Enterprise 401(k) Plan will still be able to view the annual meeting webcast and ask questions during the annual meeting.

Even if you plan to participate in the annual meeting online, we recommend that you also vote by proxy as described below so that your vote will be counted if you later decide not to participate in the annual meeting.

17. How can I vote my shares without participating in the annual meeting?

Whether you hold shares directly as the stockholder of record or through a broker, trustee or other nominee as the beneficial owner, you may direct how your shares are voted without participating in the annual meeting. There are three ways to vote by proxy:

- **By Internet**—Stockholders who have received a notice of the Internet availability of the proxy materials by mail may submit proxies over the Internet by following the instructions on the notice. Stockholders who have received notice of the Internet availability of the proxy materials by e-mail may submit proxies over the Internet by following the instructions included in the e-mail. Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies over the Internet by following the instructions on the proxy card or voting instruction card.

- **By Telephone**—Stockholders of record who live in the United States or Canada may submit proxies by telephone by calling 1-800-690-6903 and following the instructions. Stockholders of record who have received a notice of the Internet availability of the proxy materials by mail must have the control number that appears on their notice available when voting. Stockholders of record who received notice of the Internet availability of the proxy materials by e-mail must have the control number included in the e-mail available when voting. Stockholders of record who have received a proxy card by mail must have the control number that appears on their proxy card available when voting. Most stockholders who are beneficial owners of their shares living in the United States or Canada and who have received a voting instruction card by mail may vote by phone by calling the number specified on the voting instruction card provided by their broker, trustee or nominee. Those stockholders should check the voting instruction card for telephone voting availability.
- **By Mail**—Stockholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.

18. What is the deadline for voting my shares?

If you hold shares as the stockholder of record, or through the Hewlett Packard Enterprise Company 2016 Employee Stock Purchase Plan (the ‘‘ESPP’’), your vote by proxy must be received before the polls close during the annual meeting.

If you hold shares in the Hewlett Packard Enterprise Company 401(k) Plan, your voting instructions must be received by 11:59 p.m., Eastern Time, on March 17, 2017 for the trustee to vote your shares.

If you are the beneficial owner of shares held through a broker, trustee or other nominee, please follow the voting instructions provided by your broker, trustee or nominee.

19. May I change my vote or revoke my proxy?

You may change your vote or revoke your proxy at any time prior to the vote during the annual meeting, except that any change to your voting instructions for shares held in the Hewlett Packard Enterprise Company 401(k) Plan must be provided by 11:59 p.m., Eastern Time, on March 17, 2017 as described above.

If you are the stockholder of record, you may change your vote by: (1) granting a new proxy bearing a later date (which automatically revokes the earlier proxy); (2) providing a written notice of revocation to the Corporate Secretary at the address below in Question 34 prior to your shares being voted; or (3) voting your shares electronically during the annual meeting. Participation in the annual meeting will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or by participating in the meeting and electronically voting your shares during the meeting (except that shares held in the Hewlett Packard Enterprise 401(k) Plan cannot be voted electronically at the annual meeting).

20. Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed, either within Hewlett Packard Enterprise or to third parties, except: (1) as necessary to meet applicable legal requirements; (2) to allow for the tabulation of votes and certification of the vote; and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to management.

21. How are votes counted, and what effect do abstentions and broker non-votes have on the proposals?

In the election of directors, you may vote ‘‘FOR,’’ ‘‘AGAINST’’ or ‘‘ABSTAIN’’ with respect to each of the nominees. If you elect to abstain in the election of directors, the abstention will not impact the election of directors. In tabulating the voting results for the election of directors, only ‘‘FOR’’ and ‘‘AGAINST’’ votes are counted.

For all items of business, you may vote ‘‘FOR,’’ ‘‘AGAINST’’ or ‘‘ABSTAIN.’’ If you elect to abstain, the abstention will have the same effect as an ‘‘AGAINST’’ vote.

If you are the beneficial owner of shares held in the name of a broker, trustee or other nominee and do not provide that broker, trustee or other nominee with voting instructions, your shares may constitute ‘‘broker non-votes.’’ Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Under the NYSE rules, brokers, trustees or other nominees may generally vote on routine matters but cannot vote on non-routine matters. Only Proposal No. 2 (ratifying the appointment of the independent registered public accounting firm) is considered a routine matter. The other proposals are not considered routine matters, and without your instructions, your broker cannot vote your shares. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered, votes cast or entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting.

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you vote by proxy card or voting instruction card and sign the card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (FOR all of our nominees to the Board, FOR ratification of the appointment of our independent registered public accounting firm, FOR the approval of the compensation of our named executive officers, and FOR the approval of the 162(m)-related provisions of the 2015 Company Stock Incentive Plan.

For any shares you hold in the Hewlett Packard Enterprise 401(k) Plan, if your voting instructions are not received by 11:59 p.m., Eastern Time, on March 17, 2017, your shares will be voted in proportion to the way the shares held by the other Hewlett Packard Enterprise 401(k) Plan participants are voted, except as may be otherwise required by law.

22. What is the voting requirement to approve each of the proposals?

In the election of directors, each director will be elected by the vote of the majority of votes cast with respect to that director nominee. A majority of votes cast means that the number of votes cast for a nominee’s election must exceed the number of votes cast against such nominee’s election. Each nominee receiving more votes ‘‘FOR’’ his or her election than votes ‘‘AGAINST’’ his or her election will be elected. Approval of each of the other proposals requires the affirmative vote of a majority of the shares present, in person or represented by proxy, and entitled to vote on that proposal at the annual meeting.

23. What if I have questions for our transfer agent?

Please contact our transfer agent, at the phone number or address listed below, with questions concerning stock certificates, dividend checks, transfer of ownership or other matters pertaining to your stock account.

Wells Fargo Bank, N.A.
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

A dividend reinvestment and stock purchase program is also available through our transfer agent. For information about this program, please contact our transfer agent as follows:

Wells Fargo Bank, N.A.
Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
1-888-460-7641 (U.S. and Canada)
1-651-450-4064 (International)

ANNUAL MEETING INFORMATION

24. How can I participate in the annual meeting?

We are very pleased that this year's annual meeting will again be a completely virtual meeting of stockholders, which will be conducted via live webcast. You are entitled to participate in the annual meeting only if you were a Hewlett Packard Enterprise stockholder or joint holder as of the close of business on January 23, 2017 or if you hold a valid proxy for the annual meeting.

You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting **HPE.onlineshareholdermeeting.com**. You also will be able to vote your shares electronically at the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

The meeting webcast will begin promptly at 9:00 a.m., Pacific Time. We encourage you to access the meeting prior to the start time. Online access will begin at 8:30 a.m., Pacific Time.

25. How can I access the proxy statement and annual report, or submit questions prior to the meeting?

The online format for the annual meeting will allow us to communicate more effectively with you. You can submit questions in advance of the annual meeting, and also access copies of our proxy statement and annual report by visiting **www.proxyvote.com** for beneficial owners and **proxyvote.com/hpe** for registered stockholders.

26. Why is this annual meeting only virtual?

We are excited to embrace the latest technology to provide ease of access, real-time communication and cost savings for our stockholders and the company. Hosting a virtual meeting will provide easy access for stockholders and facilitate participation since stockholders can participate from any location around the world.

You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting **HPE.onlineshareholdermeeting.com**. You also will be able to vote your shares electronically prior to or during the annual meeting (other than shares held through the Hewlett Packard Enterprise 401(k) Plan, which must be voted prior to the meeting).

27. What if I have technical difficulties or trouble accessing the virtual meeting?

We will have technicians ready to assist you with any technical difficulties you may have accessing the virtual meeting. If you encounter any difficulties accessing the virtual meeting or during the meeting time, please call:

1-855-449-0991 (Toll-free)
1-720-378-5962 (Toll line)

28. How many shares must be present or represented to conduct business at the annual meeting?

The quorum requirement for holding the annual meeting and transacting business is that holders of a majority of outstanding shares of Hewlett Packard Enterprise common stock entitled to vote must be present in person or represented by proxy. Both abstentions and broker non-votes described previously in Question 21 are counted for the purpose of determining the presence of a quorum.

29. What if a quorum is not present at the annual meeting?

If a quorum is not present at the scheduled time of the annual meeting, then either the chairman of the annual meeting or the stockholders by vote of the holders of a majority of the stock having voting power present in person or represented by proxy at the annual meeting are authorized by our Bylaws to adjourn the annual meeting until a quorum is present or represented.

30. What happens if additional matters are presented at the annual meeting?

Other than the four items of business described in this proxy statement, we are not aware of any other business to be acted upon at the annual meeting. If you grant a proxy, the persons named as proxyholders, Margaret C. Whitman, Timothy C. Stonesifer and John F. Schultz, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If for any reason any of the nominees named in this proxy statement is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

31. Who will serve as Inspector of Election?

The Inspector of Election will be a representative from Broadridge Financial Solutions, Inc.

32. Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the annual meeting.

33. Who will bear the cost of soliciting votes for the annual meeting?

Hewlett Packard Enterprise is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing the notices and these proxy materials and soliciting votes. In addition to the mailing of the notices and these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We also will reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy and solicitation materials to stockholders.

STOCKHOLDER PROPOSALS, DIRECTOR NOMINATIONS AND RELATED BYLAW PROVISIONS

34. What is the deadline to propose actions (other than director nominations) for consideration at next year's annual meeting of stockholders?

You may submit proposals for consideration at future stockholder meetings. For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than October 9, 2017. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Hewlett Packard Enterprise Company
3000 Hanover Street MS 1050
Palo Alto, California 94304
Fax: (650) 857-4837
bod-hpe@hpe.com

For a stockholder proposal that is not intended to be included in our proxy statement for next year's annual meeting under Rule 14a-8, the stockholder must provide the information required by our Bylaws and give timely notice to the Corporate Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Corporate Secretary:

- not earlier than the close of business on November 22, 2017; and
- not later than the close of business on December 22, 2017.

If the date of the stockholder meeting is moved more than 30 days before or 60 days after the anniversary of our annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the meeting and not later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and
- 10 days after public announcement of the meeting date.

Deadlines for the nomination of director candidates are discussed in Question 36 below.

35. How may I recommend individuals to serve as directors and what is the deadline for a director recommendation?

You may recommend director candidates for consideration by the NGSR Committee. Any such recommendations should include verification of the stockholder status of the person submitting the recommendation and the nominee's name and qualifications for Board membership and should be directed to the Corporate Secretary at the address of our principal executive offices set forth in Question 34 above. See ''Proposal No. 1—Election of Directors—Director Nominee Experience and Qualifications'' for more information regarding our Board membership criteria.

A stockholder may send a recommended director candidate's name and information to the Board at any time. Generally, such proposed candidates are considered at the first or second Board meeting prior to the issuance of the proxy statement for our annual meeting.

36. How may I nominate individuals to serve as directors and what are the deadlines for a director nomination?

Our Bylaws permit stockholders to nominate directors for consideration at an annual meeting. To nominate a director for consideration at an annual meeting (but not for inclusion in our proxy statement), a nominating stockholder must provide the information required by our Bylaws and give timely notice of the nomination to the Corporate Secretary in accordance with our Bylaws, and each nominee must meet the qualifications required by our Bylaws. To nominate a director for consideration at next year's annual meeting, in general the notice must be received by the Corporate Secretary between the close of business on November 22, 2017 and the close of business on December 22, 2017, unless the annual meeting is moved by more than 30 days before or 60 days after the anniversary of the prior year's annual meeting, in which case the deadline will be as described in Question 34 above.

In addition, our Bylaws provide that under certain circumstances, a stockholder or group of stockholders may include director candidates that they have nominated in our annual meeting proxy statement. These proxy access provisions of our Bylaws provide, among other things, that a stockholder or group of up to twenty stockholders seeking to include director candidates in our annual meeting proxy statement must own 3% or more of Hewlett Packard Enterprise's outstanding common stock continuously for at least the previous three years. The number of stockholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed 20% of the number of directors then serving on the Board. If 20% is not a whole number, the maximum number of stockholder-nominated candidates would be the closest whole number below 20%. Based on the current Board size of 14 directors, the maximum number of proxy access candidates that we would be required to include in our proxy materials for an annual meeting is two. Nominees submitted under the proxy access procedures that are later withdrawn or are included in the proxy materials as Board-nominated candidates will be counted in determining whether the 20% maximum has been reached. If the number of stockholder-nominated candidates exceeds 20%, each nominating stockholder or group of stockholders may select one nominee for inclusion in our proxy materials until the maximum number is reached. The order of selection would be determined by the amount (largest to smallest) of shares of Hewlett Packard Enterprise common stock held by each nominating stockholder or group of stockholders. The nominating stockholder or group of stockholders also must deliver the information required by our Bylaws, and each nominee must meet the qualifications required by our Bylaws. Requests to include stockholder-nominated candidates in our proxy materials for next year's annual meeting must be received by the Corporate Secretary:

- not earlier than the close of business on October 23, 2017; and
- not later than the close of business on November 22, 2017.

37. How may I obtain a copy of the provisions of our Bylaws regarding stockholder proposals and director nominations?

You may contact the Corporate Secretary at our principal executive offices for a copy of the relevant Bylaws provisions regarding the requirements for making stockholder proposals and nominating director candidates. Our Bylaws also are available on our website at investors.hpe.com/governance/articles-and-bylaws.

IMPORTANT INFORMATION CONCERNING THE HEWLETT PACKARD ENTERPRISE ANNUAL MEETING

Online access begins: 8:30 a.m., Pacific Time **Meeting begins: 9:00 a.m., Pacific Time**

- **Hewlett Packard Enterprise stockholders, including joint holders, as of the close of business on January 23, 2017, the record date for the annual meeting, are entitled to participate in the annual meeting on March 22, 2017.**

- **The annual meeting will be a completely virtual meeting of stockholders, which will be conducted via live webcast.**

- **You will be able to participate in the annual meeting of stockholders online and submit your questions during the meeting by visiting HPE.onlineshareholdermeeting.com. You also will be able to vote your shares electronically at the annual meeting (other than shares held through our 401(k) Plan, which must be voted prior to the meeting).**

- **We encourage you to access the meeting prior to the start time. Please allow ample time to log in and establish your connectivity which begins at 8:30 a.m., Pacific Time. The webcast starts at 9:00 a.m., Pacific Time.**

- **To participate in the annual meeting, you will need the 16-digit control number included on your notice of Internet availability of the proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.**

- **Visit www.proxyvote.com for beneficial owners or proxyvote.com/hpe for registered stockholders in advance of the annual meeting where you can submit questions to management and also access copies of our proxy statement and annual report.**

THANK YOU FOR YOUR INTEREST AND SUPPORT—YOUR VOTE IS IMPORTANT!

Annex A

HEWLETT PACKARD ENTERPRISE COMPANY
2015 STOCK INCENTIVE PLAN
(amended and restated January 25, 2017)

1. Purposes of the Plan.

The purpose of this Plan is to encourage ownership in the Company by key personnel whose long-term employment is considered essential to the Company’s continued progress and, thereby, encourage recipients to act in the shareholders’ interest and share in the Company’s success and to provide an opportunity for cash awards to incentivize or reward employees.

2. Definitions.

As used herein, the following definitions shall apply:

(a) **‘‘Administrator’’** means the Board, any Committee or such delegates as shall be administering the Plan in accordance with Section 4 of the Plan.

(b) **‘‘Affiliate’’** means any entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator provided that the entity is one with respect to which Common Stock will qualify as ‘‘service recipient stock’’ under Code Section 409A.

(c) **‘‘Annual Cash Retainer’’** shall mean the amount which a Non-Employee Director will be entitled to receive in the form of cash for serving as a director in a relevant Director Plan Year, including the aggregate amount of annual cash retainer fees, fees associated with service on committees of the Board or attendance at meetings of the Board or applicable committees of the Board, and any other cash compensation or fees with respect to any other services to be provided to the Company or the Board, including but not limited to Board leadership services.

(d) **‘‘Annual Equity Retainer’’** shall mean the amount which a Non-Employee Director will be entitled to receive in the form of equity for serving as a director in a relevant Director Plan Year, but shall not include reimbursement for expenses, fees associated with service on any committee of the Board, an Annual Cash Retainer or any other cash compensation (whether or not payable in Shares at the election of the Non-Employee Director), or fees with respect to any other services to be provided to the Company or the Board, including but not limited to Board leadership services.

(e) **‘‘Applicable Laws’’** means the requirements relating to the administration of stock incentive plans under U.S. federal and state laws, any stock exchange or quotation system on which the Company has listed or submitted for quotation the Common Stock to the extent provided under the terms of the Company’s agreement with such exchange or quotation system and, with respect to Awards subject to the laws of any foreign jurisdiction where Awards are granted under the Plan, the laws of such jurisdiction related to securities and exchange control requests for share offerings.

(f) **‘‘Award’’** means a Cash Award, Stock Award, Stock Appreciation Right, Option, or Converted Award granted in accordance with the terms of the Plan.

(g) **‘‘Awardee’’** means an individual who has been granted an Award under the Plan or any person (including any estate) to whom an Award has been assigned or transferred as permitted hereunder.

(h) **''Award Agreement''** means a Cash Award Agreement, Stock Award Agreement, SAR Agreement and/or Option Agreement, which may be in written or electronic format, in such form and with such terms as may be specified by the Administrator, evidencing the terms and conditions of an individual Award. Each Award Agreement is subject to the terms and conditions of the Plan. An Award Agreement may be in the form of either (i) an agreement to be either executed by both the Awardee and the Company or offered and accepted electronically as the Administrator shall determine or (ii) certificates, notices or similar instruments as approved by the Administrator.

(i) **''Board''** means the Board of Directors of the Company.

(j) **''Cash Award''** means a bonus opportunity awarded under Section 12 pursuant to which a Awardee may become entitled to receive an amount based on the satisfaction of such performance criteria as are specified in the Award Agreement or other documents evidencing the Award (the ''**Cash Award Agreement**'').

(k) **''Change in Control''** means the occurrence of any one of the following events:

i. A direct or indirect acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a ''Person'') of beneficial ownership of shares which, together with other direct or indirect acquisitions or beneficial ownership by such Person, results in aggregate beneficial ownership by such Person of thirty percent (30%) or more of either (1) the then outstanding Shares (the ''Outstanding Company Common Stock''), or (2) the combined voting power of the then outstanding voting securities of the Company (the ''Outstanding Company Voting Securities''); excluding, however, the following: (a) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (b) any acquisition by the Company or a wholly owned Subsidiary, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (d) any acquisition by any entity pursuant to a transaction which complies with clauses (a), (b) and (c) of subsection (iii) of this definition; or

ii. A change in the composition of the Board such that the individuals who, as of the effective date of the subject action (the ''Effective Date''), constitute the Board (the ''Incumbent Board'') cease for any reason to constitute a majority of the Board; provided, however, that any individual who becomes a member of the Board subsequent to the Effective Date, whose election, or nomination for election by the Company's stockholders, was approved by a vote of a majority of those individuals then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be so considered as a member of the Incumbent Board; or

iii. The consummation of a Corporate Transaction; excluding, however, such a Corporate Transaction pursuant to which (a) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than sixty percent (60%) of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities of the surviving or acquiring entity resulting from such Corporate Transaction or a direct or indirect parent entity of the surviving or acquiring entity (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions (as compared to each other) as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (b) no Person (other than the Company, any wholly owned subsidiary, any employee benefit plan (or related trust)) sponsored or maintained by the Company, any entity controlled by the Company, such surviving or acquiring entity resulting from such Corporate Transaction or any entity controlled by such surviving or acquiring entity or a direct or indirect parent entity of the surviving or acquiring entity that, after giving effect to the Corporate Transaction, beneficially owns, directly or indirectly, 100% of the outstanding voting securities of the surviving or acquiring entity) will beneficially own, directly or indirectly, thirty percent (30%) or more of, respectively, the outstanding shares of common stock (or comparable equity interests) of the entity resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such entity except to the extent that such ownership existed prior to the Corporate Transaction or (c) individuals who were members of the Incumbent Board will constitute a majority of the members of the board of directors (or similar governing body) of the surviving or acquiring entity resulting from such Corporate Transaction or a direct or indirect parent entity of the surviving or acquiring entity. ''Corporate Transaction'' means (i) a dissolution or liquidation of the Company, (ii) a sale of all or substantially all of the assets of the Company, (iii) a merger or consolidation of the Company with or into any other corporation, regardless of whether the Company is the surviving corporation, or (iv) a statutory share exchange involving capital stock of the Company.

(l) **''Code''** means the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(m) **''Committee''** means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan. The HR and Compensation Committee of the Board shall be deemed a ''Committee'' for purposes of the Plan.

(n) **''Common Stock''** means the common stock of the Company.

(o) **''Company''** means Hewlett Packard Enterprise Company, a Delaware corporation, or its successor.

(p) **''Conversion Award''** has the meaning set forth in Section 4(b)(xiii) of the Plan.

(q) **''Converted Award''** shall mean an Award that is issued to satisfy automatic adjustment and conversion of awards over HP common stock contemplated under the Employee Matters Agreement. For avoidance of doubt, any Converted Award shall be governed by the provisions of the original award agreement applicable to such Converted Award.

(r) **''Director''** means a member of the Board who is not a Non-Employee Director.

(s) **''Director Option''** shall mean any Converted Awards originally granted to Directors in connection with service on the HP Board of Directors.

(t) **''Director Plan Year''** shall mean the year beginning the day after the Company's annual meeting and ending on the day of the Company's next annual meeting, as the case may be, for any relevant year.

(u) **''Employee''** means a regular, active employee of the Company or any Affiliate, including an Officer and/or Director. The Administrator shall determine whether or not the chairman of the Board qualifies as an ''Employee.'' Within the limitations of Applicable Law, the Administrator shall have the discretion to determine the effect upon an Award and upon an individual's status as an Employee in the case of (i) any individual who is classified by the Company or its Affiliate as leased from or otherwise employed by a third party or as intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise, (ii) any leave of absence approved by the Company or an Affiliate, (iii) any period of notice or garden leave under foreign law, (iv) any transfer between locations of employment with the Company or an Affiliate or between the Company and any Affiliate or between any Affiliates, (v) any change in the Awardee's status from an employee to a consultant or Director, and (vi) at the request of the Company or an Affiliate an employee becomes employed by any partnership, joint venture or corporation not meeting the requirements of an Affiliate in which the Company or an Affiliate is a party.

(v) **''Employee Matters Agreement''** shall mean that certain Employee Matters Agreement dated October 31, 2015 by and between HP and the Company relating to the transfer of employees in connection with the separation of the Company's business from HP's business, which agreement is incorporated herein by reference.

(w) **''Exchange Act''** means the United States Securities Exchange Act of 1934, as amended.

(x) **''Fair Market Value''** means, unless the Administrator determines otherwise, as of any date, the closing sales price for such Common Stock on the New York Stock Exchange (the ''NYSE'') as of such date (or if no sales were reported on such date, the closing sales price on the last preceding day on which a sale was made), as reported in such source as the Administrator shall determine.

(y) **''Grant Date''** means the date or event specified by the Administrator on which a grant of an Award will become effective (which date with respect to an Option or a SAR will not be earlier than the date on which the Administrator takes action with respect thereto); in the case of a Converted Award, the Grant Date means the grant date applicable to the original award covering HP common stock corresponding to the Converted Award.

(z) **''HP''** shall mean Hewlett-Packard Company, a Delaware corporation.

(aa) **''Incentive Stock Option''** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(bb) **''Non-Employee Director''** shall mean each member of the Board who is not an employee of the Company or any of its Subsidiaries or Affiliates and who is eligible only for Awards granted pursuant to Section 13 of the Plan.

(cc) **''Nonstatutory Stock Option''** means an Option not intended to qualify as an Incentive Stock Option.

(dd) **''Officer''** means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(ee) **''Option''** means a right granted under Section 8, including any such right that is a Converted Award, to purchase a number of Shares or Stock Units at such exercise price, at such times, and on such other terms and conditions as are specified in the agreement or other documents evidencing the Award (the ''**Option Agreement**''). Both Options intended to qualify as Incentive Stock Options and Nonstatutory Stock Options may be granted under the Plan.

(ff) **''Plan''** means this Hewlett Packard Enterprise Company 2015 Stock Incentive Plan, as amended and restated, from time to time.

(gg) **''Qualifying Performance Criteria''** shall have the meaning set forth in Section 14(b) of the Plan.

(hh) **''Share''** means a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

(ii) **''Stock Appreciation Right'' or ''SAR''** means a right granted under Section 8, including any such right that is a Converted Award, which entitles the recipient to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the exercise price thereof on such terms and conditions as are specified in the agreement or other documents evidencing the Award (the ''**SAR Agreement**''). The Administrator shall determine whether a Stock Appreciation Right shall be settled in cash, Shares or a combination of cash and Shares. Stock Appreciation Rights may be granted in tandem with another Award or freestanding and unrelated to another Award.

(jj) **''Stock Award''** means an award or delivery of Shares or Stock Units made under Section 11 of the Plan, including any such right that is a Converted Award, the grant, delivery, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions) and terms as are expressed in the agreement or other documents evidencing the Award (the ''**Stock Award Agreement**'').

(kk) **''Stock Unit''** means a bookkeeping entry representing an amount equivalent to the value of one Share, payable in cash, property or Shares. Stock Units represent an unfunded and unsecured obligation of the Company, including any such right that is a Converted Award, except as otherwise provided for by the Administrator.

(ll) **''Subsidiary''** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, provided each corporation in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(mm) **''Termination of Employment''** shall mean ceasing to be an Employee. However, for Incentive Stock Option purposes, Termination of Employment will occur when the Awardee ceases to be an employee (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or one of its Subsidiaries. The Administrator shall determine whether any corporate transaction, such as a sale or spin-off of a division or business unit, or a joint venture, shall be deemed to result in a Termination of Employment.

(nn) **''Total and Permanent Disability''** shall have the meaning set forth in Section 22(e)(3) of the Code.

3. Stock Subject to the Plan.

(a) *Aggregate Limits.* Subject to the provisions of Section 15 of the Plan, effective as of January 24, 2017, the aggregate number of Shares subject to Awards granted under the Plan shall be reduced to 210,000,000 Shares. The Shares subject to the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares.

For the avoidance of doubt, any Shares delivered pursuant to a Converted Award shall reduce the maximum number of Shares deliverable under this Section 3(a).

(b) *Delivery of Shares.* For purposes of Section 3(a), the aggregate number of Shares delivered under the Plan at any time shall equal only the number of Shares actually delivered upon exercise or settlement of an Award. If any Shares subject to an Award granted under the Plan are forfeited or such Award is settled in cash or otherwise terminates without the delivery of such Shares, the Shares subject to such Award, to the extent of any such forfeiture, settlement or termination, shall again be available for grant under the Plan. Notwithstanding the foregoing, Shares subject to an Award under the Plan may not again be made available for delivery under the Plan if such Shares are: (i) Shares delivered to or withheld by the Company to pay the exercise price of an Option, (ii) Shares delivered to or withheld by the Company to pay the withholding taxes related to an Award, or (iii) Shares repurchased by the Company on the open market with the proceeds of an Award paid to the Company by or on behalf of the Awardee. For the avoidance of doubt, when SARs are exercised and settled in Shares the full number of Shares exercised will no longer be available for delivery under the Plan.

(c) *Share Limits.* Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares subject to Awards granted under this Plan during any calendar year to any one Awardee shall not exceed 6,000,000, except that in connection with his or her initial service, an Awardee may be granted Awards covering up to an additional 4,000,000 Shares. Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares that may be subject to all Incentive Stock Options granted under the Plan is 4,000,000 Shares. Notwithstanding anything to the contrary in the Plan, the limitations set forth in this Section 3(c) shall be subject to adjustment under Section 15(a) of the Plan only to the extent that such adjustment will not affect the status of any Award intended to qualify as ''performance based compensation'' under Code Section 162(m) or the ability to grant or the qualification of Incentive Stock Options under the Plan. Notwithstanding the foregoing, the number of Shares subject to Converted Awards shall be disregarded for purposes of the limitations set forth in this Section 3(c).

4. Administration Of The Plan.

(a) *Procedure.*

i. *Multiple Administrative Bodies.* The Plan shall be administered by the Board, one or more Committees and/or their delegates.

ii. *Section 162.* To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as ''performance-based compensation'' within the meaning of Section 162(m) of the Code, Awards to ''covered employees'' within the meaning of Section 162(m) of the Code or Employees that the Committee determines may be ''covered employees'' in the future shall be made by a Committee of two or more ''outside directors'' within the meaning of Section 162(m) of the Code.

iii. *Rule 16b-3.* To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3 promulgated under the Exchange Act (''Rule 16b-3''), Awards to Officers and Directors shall be made by the entire Board or a Committee of two or more ''non-employee directors'' within the meaning of Rule 16b-3.

iv. *Other Administration.* Subject to Applicable Law, the Board or a Committee may delegate to an authorized Officer or Officers the power to approve Awards to persons eligible to receive Awards under the Plan who are not (A) subject to Section 16 of the Exchange Act or (B) at the time of such approval, ''covered employees'' under Section 162(m) of the Code.

v. *Delegation of Authority for the Day-to-Day Administration of the Plan.* Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) *Powers of the Administrator.* Subject to the provisions of the Plan and, in the case of a Committee or delegates acting as the Administrator, subject to the specific duties delegated to such Committee or delegates, the Administrator shall have the authority, in its discretion:

i. to select the Awardees to whom Awards are to be granted hereunder;

ii. to determine the number of Shares to be covered by each Award granted hereunder;

iii. to determine the type of Award to be granted to the selected Awardees;

iv. to approve forms of Award Agreements for use under the Plan;

v. to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise and/or purchase price, the time or times when an Award may be exercised or settled (which may or may not be based on performance criteria), the vesting schedule, any vesting and/or exercisability acceleration or waiver of forfeiture restrictions, the acceptable forms of consideration, the term, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine and may be established at the time an Award is granted or thereafter;

vi. to suspend the right to exercise Awards during any blackout period that is necessary or desirable to comply with the requirements of Applicable Laws and/or to extend the Award exercise period for an equal period of time in a manner consistent with Applicable Law;

vii. to correct defects and supply omissions in the Plan and any Award Agreement and to correct administrative errors;

viii. to construe and interpret the terms of the Plan (including sub-plans, Award Agreements and Plan and Award Agreement addenda) and Awards granted pursuant to the Plan;

ix. to adopt rules and procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized (A) to adopt the rules and procedures regarding the conversion of local currency, withholding procedures and handling of stock certificates which vary with local requirements and (B) to adopt sub-plans, Award Agreements and Plan and Award Agreement addenda as the Administrator deems desirable, to accommodate foreign laws, regulations and practice;

x. to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans, Award Agreements and Plan and Award Agreement addenda;

xi. to modify or amend each Award, including, but not limited to, the acceleration of vesting and/or exercisability, provided, however, that any such amendment is subject to Section 15 of the Plan and may not materially impair any outstanding Award unless agreed to in writing by the Awardee;

xii. to allow Awardees to satisfy withholding tax amounts by electing to have the Company withhold from the Shares to be delivered upon exercise of an Option or SAR, or vesting or settlement of a Stock Award that number of Shares having a value not in excess of the amount required to be withheld. The value of the Shares to be withheld shall be determined in such manner and on such date that the Administrator shall determine or, in the absence of provision otherwise, on the date that the amount of tax to be withheld is to be determined. All elections by a Awardee to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may provide;

xiii. to authorize conversion or substitution under the Plan of any or all stock options, stock appreciation rights or other stock awards held by service providers of an entity acquired by the Company (the ‘‘Conversion Awards’’). Any conversion or substitution shall be effective as of the close of the merger or acquisition. The Conversion Awards may be Nonstatutory Stock Options or Incentive Stock Options, as determined by the Administrator, with respect to options granted by the acquired entity; provided, however, that with respect to the conversion of stock appreciation rights in the acquired entity, the Conversion Awards shall be Nonstatutory Stock Options, unless otherwise determined by the Administrator. Unless otherwise determined by the Administrator at the time of conversion or substitution, all Conversion Awards shall have the same terms and conditions as Awards generally granted by the Company under the Plan;

xiv. to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

xv. to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Awardee or other subsequent transfers by the Awardee of any Shares delivered as a result of or under an Award, including without limitation, (A) restrictions under an insider trading policy and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;

xvi. to provide, either at the time an Award is granted or by subsequent action, that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Awardee to receive, without payment to the Company, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award; and

xvii. to make all other determinations deemed necessary or advisable for administering the Plan and any Award granted hereunder.

(c) *Effect of Administrator's Decision.* All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, shall be final and binding on all Awardees or other persons claiming rights under the Plan or any Award. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any Officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

5. Eligibility.

Awards may be granted to Directors and/or Employees; provided that Non-Employee Directors are eligible only for awards granted under Section 13 of the Plan.

6. Term of Plan.

The Plan shall become effective upon its approval by shareholders of the Company. It shall continue in effect for a term of ten (10) years from the later of the date the Plan or any amendment to add shares to the Plan is approved by shareholders of the Company unless terminated earlier under Section 16 of the Plan; provided, however, that no Incentive Stock Options may be granted after the 10th anniversary of the date that the Plan (or share reserve increase, as applicable) is approved by the Board or by shareholders, if earlier.

7. Term of Award.

The term of each Award shall be determined by the Administrator and stated in the Award Agreement. In the case of an Option or SAR, the term shall be ten (10) years from the Grant Date or such shorter term as may be provided in the Award Agreement; provided that the term may be ten and one-half (10½) years in the case of Options granted to Awardees in certain jurisdictions outside the United States as determined by the Administrator.

8. Options and Stock Appreciation Rights.

The Administrator may grant an Option or SAR, or provide for the grant of an Option or SAR, either from time to time in the discretion of the Administrator or automatically upon the occurrence of specified events, including, without limitation, the achievement of performance goals, the satisfaction of an event or condition whether or not within the control of the Awardee.

(a) *Option or SAR Agreement.* Each Option or SAR Agreement shall contain provisions regarding (i) the number of Shares that may be delivered upon exercise of the Option or SAR, (ii) the type of Option, (iii) the exercise price of the Shares and the means of payment for the Shares, (iv) the term of the Option or SAR, (v) such terms and conditions on the vesting and/or exercisability of an Option or SAR as may be determined from time to time by the Administrator, (vi) restrictions on the transfer of the Option or SAR and forfeiture provisions and (vii) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) *Exercise Price.* The per share exercise price for the Shares to be delivered pursuant to exercise of an Option or SAR shall be determined by the Administrator, subject to the following:

i. The per Share exercise price of an Option or SAR shall be no less than 100% of the Fair Market Value per Share on the Grant Date.

ii. Notwithstanding the foregoing, at the Administrator's discretion, Converted Awards and Conversion Awards that are granted in substitution and/or conversion of options or stock appreciation rights of HP or an acquired entity, may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of such substitution and/or conversion if such exercise price is determined in a manner that complies with the requirements of Sections 409A and 424 of the Code, as applicable.

(c) *No Option or SAR Repricings.* Other than in connection with a change in the Company's capitalization (as described in Section 15(a) of the Plan), the exercise price of an Option or SAR may not be reduced without shareholder approval (including canceling previously awarded Options or SARs in exchange for cash, other Awards, Options or SARs with an exercise price that is less than the exercise price of the original Option or SAR). Nothing in this Section 8(c) shall be construed to apply to the issuance of an Option that is a Converted Award or the issuance or assumption of an Option or SAR in connection with the acquisition by the Company or a subsidiary of an unrelated entity provided such actions are taken in a manner that complies with the requirements of Section 409A and 424 of the Code, as applicable.

(d) *Vesting Period and Exercise Dates.* Options or SARs granted under this Plan shall vest and/or be exercisable at such time and in such installments during the period prior to the expiration of the Option's or SAR's term as determined by the Administrator. To the extent the Administrator determines that all or part of an Award of Options shall be exercisable prior to vesting thereof, any Shares purchased upon exercise of unvested Options will be subject to forfeiture until the date that the related Options would have otherwise become vested. The Administrator shall have the right to make the vesting and/or exercisability of any Option or SAR granted under this Plan subject to continued employment, the passage of time and/or such performance requirements as deemed appropriate by the Administrator. At any time after the grant of an Option or SAR, the Administrator may reduce or eliminate any restrictions surrounding the vesting or exercisability of all or part of the Option or SAR.

(e) *Form of Consideration for Exercising an Option.* The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment, either through the terms of the Option Agreement or at the time of exercise of an Option. Acceptable forms of consideration may include:

i. cash;

ii. check or wire transfer (denominated in U.S. Dollars);

iii. subject to any conditions or limitations established by the Administrator, other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

iv. subject to any conditions or limitations established by the Administrator, withholding of Shares deliverable upon exercise, which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

v. consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator;

vi. such other consideration and method of payment for the delivery of Shares to the extent permitted by Applicable Laws; or

vii. any combination of the foregoing methods of payment.

9. Incentive Stock Option Limitations/Terms.

(a) *Eligibility.* Only employees (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or any of its Subsidiaries may be granted Incentive Stock Options.

(b) *$100,000 Limitation.* Notwithstanding the designation ''Incentive Stock Option'' in an Option Agreement, if and to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Awardee during any calendar year (under all plans of the Company and any of its Subsidiaries) exceeds U.S. $100,000, such Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 9(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Grant Date.

(c) *Effect of Termination of Employment on Incentive Stock Options. Generally.* Unless otherwise provided for by the Administrator, upon an Awardee's Termination of Employment, any outstanding Incentive Stock Option granted to such Awardee, whether vested or unvested, to the extent not theretofore exercised, shall terminate immediately upon the Awardee's Termination of Employment.

(d) *Leave of Absence.* For purposes of Incentive Stock Options, no leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company or a Subsidiary is not so guaranteed, an Awardee's employment with the Company shall be deemed terminated on the ninety-first (91st) day of such leave for Incentive Stock Option purposes and any Incentive Stock Option granted to the Awardee shall cease to be treated as an Incentive Stock Option and shall terminate upon the expiration of the three month period following the date the employment relationship is deemed terminated.

(e) *Transferability.* The Option Agreement must provide that an Incentive Stock Option cannot be transferable by the Awardee otherwise than by will or the laws of descent and distribution, and, during the lifetime of such Awardee, must not be exercisable by any other person. If the terms of an Incentive Stock Option are amended to permit transferability, the Option will be treated for tax purposes as a Nonstatutory Stock Option.

(f) *Other Terms.* Option Agreements evidencing Incentive Stock Options shall contain such other terms and conditions as may be necessary to qualify, to the extent determined desirable by the Administrator, with the applicable provisions of Section 422 of the Code; however, for clarity's sake, the Administrator makes no guarantee that an Incentive Stock Option shall remain qualified under Section 422 of the Code.

10. Exercise of Option or SAR.

(a) *Procedure for Exercise; Rights as a Shareholder.*

i. Any Option or SAR granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the respective Award Agreement. Unless the Administrator provides otherwise: (A) no Option or SAR may be exercised during any leave of absence other than an approved personal or medical leave with an employment guarantee upon return, (B) an Option or SAR shall continue to vest during any authorized leave of absence and such Option or SAR may be exercised to the extent vested and exercisable upon the Awardee's return to active employment status.

ii. An Option or SAR shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option or SAR; (B) full payment for the Shares with respect to which the related Option is exercised; and (C) with respect to Nonstatutory Stock Options or SARs, satisfaction of all applicable withholding taxes.

iii. Shares delivered upon exercise of an Option or SAR shall be delivered in the name of the Awardee. Unless provided otherwise by the Administrator or pursuant to this Plan, until the Shares are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a Company shareholder shall exist with respect to the Shares subject to an Option or SAR, notwithstanding the exercise of the Option or SAR.

iv. The Company shall deliver (or cause to be delivered) such Shares as soon as administratively practicable after the Option or SAR is exercised. An Option or SAR may not be exercised for a fraction of a Share.

(b) *Effect of Termination of Employment on Nonstatutory Stock Options or SARs.* Unless otherwise provided for by the Administrator prior to the Awardee's Termination of Employment, upon an Awardee's Termination of Employment, any outstanding Nonstatutory Stock Option or SAR granted to such Awardee, whether vested or unvested, to the extent not theretofore exercised, shall terminate immediately upon the Awardee's Termination of Employment.

11. Stock Awards.

(a) *Stock Award Agreement.* Each Stock Award Agreement shall contain provisions regarding (i) the number of Shares subject to such Stock Award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment for the Shares, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, delivered, retainable and/or vested, (iv) such terms and conditions on the grant, delivery, vesting and/or forfeiture of the Shares as may be determined from time to time by the Administrator, (v) restrictions on the transferability of the Stock Award and (vi) such further terms and conditions in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) *Restrictions and Performance Criteria.* The grant, issuance, retention and/or vesting of each Stock Award may be subject to such performance criteria and level of achievement versus these criteria as the Administrator shall determine, which criteria may be based on financial performance, personal performance evaluations and/or completion of service by the Awardee. Notwithstanding anything to the contrary herein, the performance criteria for any Stock Award that is intended to satisfy the requirements for ‘‘performance-based compensation’’ under Section 162(m) of the Code shall be established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing not later than the earlier of ninety (90) days after the commencement, or within the first 25%, of the period of service to which the performance goals relates, provided that the outcome is substantially uncertain at that time.

(c) *Forfeiture.* Unless otherwise provided for by the Administrator prior to the Awardee's Termination of Employment, upon the Awardee's Termination of Employment, the Stock Award and the Shares subject thereto shall be forfeited, provided that to the extent that the Awardee purchased any Shares, the Company shall have a right to repurchase the unvested Shares at the original price paid by the Awardee.

(d) *Rights as a Shareholder.* Unless otherwise provided by the Administrator, the Awardee shall have the rights equivalent to those of a Company shareholder and shall be a shareholder only after Shares are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) to the Awardee. Unless otherwise provided by the Administrator, a Awardee holding Stock Units shall be entitled to receive dividend equivalent rights payable in cash or Shares subject to the same vesting conditions as the underlying Stock Units. Notwithstanding the foregoing, (i) dividends or dividend equivalent rights may accrue in connection with a Stock Award, but shall not be paid, until the applicable Shares relating to the Stock Award become vested or settled, as applicable, and (ii) to the extent such vesting or settlement does not occur with respect to a Stock Award (e.g., as a result of a forfeiture in connection with the Termination of Employment or termination of service of the applicable Awardee), any accrued dividend or dividend equivalent rights shall be forfeited.

12. Cash Awards.

Each Cash Award will confer upon the Awardee the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period of not less than one (1) year.

(a) *Cash Award.* Each Cash Award shall contain provisions regarding (i) the target and maximum amount payable to the Awardee as a Cash Award, (ii) the performance criteria and level of achievement versus these criteria which shall determine the amount of such payment, (iii) the period as to which performance shall be measured for establishing the amount of any payment, (iv) the timing of any payment earned by virtue of performance, (v) restrictions on the alienation or transfer of the Cash Award prior to actual payment, (vi) forfeiture provisions, and (vii) such further terms and conditions, in each case not inconsistent with the Plan, as may be determined from time to time by the Administrator. The maximum amount payable as a Cash Award that is settled for cash may be a multiple of the target amount payable, but the maximum amount payable in any fiscal year pursuant to that portion of a Cash Award granted under this Plan to any Awardee that is intended to satisfy the requirements for ''performance based compensation'' under Section 162(m) of the Code shall not exceed U.S. $15,000,000.

(b) *Performance Criteria.* The Administrator shall establish the performance criteria and level of achievement versus these criteria which shall determine the target and the minimum and maximum amount payable under a Cash Award, which criteria may be based on financial performance and/or personal performance evaluations. The Administrator may specify the percentage of the target Cash Award that is intended to satisfy the requirements for ''performance-based compensation'' under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria for any portion of an Cash Award that is intended to satisfy the requirements for ''performance-based compensation'' under Section 162(m) of the Code shall be a measure established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing not later than the earlier of, 90 days after the commencement, or within the first 25%, of the period of service to which the performance goals relates, provided that the outcome is substantially uncertain at that time.

(c) *Timing and Form of Payment.* The Administrator shall determine the timing of payment of any Cash Award. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit an Awardee to elect (in a manner consistent with Section 409A of the Code) for the payment of any Cash Award to be deferred to a specified date or event. The Administrator may specify the form of payment of Cash Awards, which may be cash or other property, or may provide for an Awardee to have the option for his or her Cash Award, or such portion thereof as the Administrator may specify, to be paid in whole or in part in cash or other property.

(d) *Termination of Employment.* Unless otherwise provided for by the Administrator prior to the Awardee's Termination of Employment, upon the Awardee's Termination of Employment, any Cash Awards issued hereunder shall be forfeited,

13. Non-Employee Director Awards.

(a) *Annual Equity Retainer.* Each member of the Board who is a Non-Employee Director and who is providing service to the Company as a member of the Board at the beginning of the Director Plan Year shall be eligible to receive an Annual Equity Retainer under the Plan. The value of the Annual Equity Retainer granted to a Non-Employee Director for any Director Plan Year (which shall be converted into a number of Shares subject to a Director RSU Award (as provided in Section 13(b)(ii)) shall not exceed $550,000.

Any Non-Employee Director who enters service after the beginning of the Director Plan Year may be eligible to receive a prorated Annual Equity Retainer under the Plan as the Board or the Committee determines in its discretion.

(b) *Terms and Conditions of Annual Equity Retainer.*

(i) *Compensation.* Unless determined otherwise by the Board or the Committee and on such terms as the Board or the Committee may determine, each Non-Employee Director shall receive his or her Annual Equity Retainer in the form of restricted Stock Units (a ''Director RSU Award'').

(ii) *Director RSU Award.*

A. *Date of Grant.* The Director RSU Award shall be granted automatically one month after the beginning of each Director Plan Year (or, if such date is not a NYSE trading day, on the next succeeding NYSE trading day) (the ''Director Grant Date'').

B. *Number of Shares Subject to a Director RSU Award.* The total number of Shares subject to each Director RSU Award shall be determined by dividing the amount of the Annual Equity Retainer by the Fair Market Value of a Share on the Director Grant Date. It shall be rounded up to the nearest number of whole Shares.

C. *Vesting Period for Director RSU Award.* If the Board or the Committee does not expressly exercise its discretion to change the vesting of the Director RSU Award for a Director Plan Year, then the vesting of such Director RSU Award shall be the same as was approved for the last preceding Director Plan Year in which the Board or the Committee exercised its discretion to set the vesting terms. Unless deferred pursuant to a deferral election provided by the Company, Shares subject to Director RSU Awards shall be delivered promptly upon satisfaction of the vesting conditions, but no later than March 15 of the calendar year following the calendar year in which the vesting conditions are satisfied.

(iii) *Termination.* Any Non-Employee Director who terminates service prior to the vesting of his or her Director RSU Award (or other Award granted pursuant to his or her Annual Equity Retainer) may have his or her Director RSU Award (or other Award) prorated, including a forfeiture of options, restricted Stock Units or cash payment, if any, as the Board or the Committee determines in its discretion.

(c) *Stock Awards in Lieu of Annual Cash Retainer.*

(i) *Cash Retainer Election.* Unless otherwise determined by the Board or the Committee, prior to the beginning of a Director Plan Year each member of the Board who is a Non-Employee Director may elect to receive all or a portion of his or her Annual Cash Retainer for that Director Plan Year in the form of an Award granted under the Plan (the ''Cash Retainer Election''). Unless the Board or Committee exercises its discretion pursuant to subsection 13(d) below, any such Award shall consist of a Stock Award in the form of a delivery of Shares. The number of Shares subject to the Stock Award shall be determined by dividing the dollar amount of the Annual Cash Retainer (or each installment thereof) subject to the Non-Employee Director's Cash Retainer Election by the Fair Market Value of a Share on the date(s) that such Annual Cash Retainer would otherwise have been paid in cash to the Non-Employee Director (or, if any such date is not a NYSE trading day, on the next succeeding NYSE trading day) (the ''Cash Retainer Payment Date''), rounded down to the nearest number of whole Shares. Unless otherwise determined by the Board or the Committee, the Stock Award shall be issued without vesting requirements or other restrictions. Unless deferred pursuant to a deferral election provided by the Company, the Shares subject to the Stock Award shall be delivered to the Non-Employee Director on or promptly following the applicable Cash Retainer Payment Date. Unless otherwise provided by the Board or the Committee, the terms of such Stock Award shall be as set forth in this Section 13(c)(i), which terms shall constitute the Stock Award Agreement contemplated by Section 2(h) hereof.

(ii) *No Cash Retainer Election*. Unless otherwise determined by the Board or the Committee, any Non-Employee Director who has not had the opportunity to make a Cash Retainer Election prior to the beginning of the applicable Director Plan Year shall be granted a Stock Award in the form of a delivery of Shares, which shall be in lieu of payment in cash of such Non-Employee Director's Annual Cash Retainer for the applicable Director Plan Year. The number of Shares subject to any such Stock Award shall be determined by dividing the dollar amount of the Annual Cash Retainer (or each installment thereof) payable to the Non-Employee Director in the applicable Director Plan Year by the Fair Market Value of a Share on the date(s) that the Annual Cash Retainer would otherwise have been paid in cash to the Non-Employee Director (or, if any such date is not a NYSE trading day, on the next succeeding NYSE trading day) (also a ''Cash Retainer Payment Date''), rounded down to the nearest number of whole Shares. Unless otherwise determined by the Board or the Committee, any such Stock Award shall be issued without vesting requirements or other restrictions. The Shares subject to the Stock Award shall be delivered to the Non-Employee Director on or promptly following the applicable Cash Retainer Payment Date. Unless otherwise provided by the Board or the Committee, the terms of such Stock Award shall be as set forth in this Section 13(c)(ii), which terms shall constitute the Stock Award Agreement contemplated by Section 2(h) hereof.

(d) *Director RSU Award in Lieu of Annual Cash Retainer.* In the discretion of the Board or the Committee, a Stock Unit (for purposes of this Section 13, also a ''Director RSU Award'') may be granted to a Non-Employee Director pursuant to such Non-Employee Director's Cash Retainer Election (in lieu of any Stock Award under Section 13(c) above), provided that the amount of the Annual Cash Retainer subject to such Cash Retainer Election when combined with the value of any Director RSU Award granted pursuant to Section 13(b) hereof does not exceed the dollar maximum set forth in Section 13(a) for the applicable Director Plan Year. The number of Shares subject to any such Director RSU Award shall be determined by dividing the dollar amount of the Annual Cash Retainer subject to the Non-Employee Director's Cash Retainer Election by the Fair Market Value of a Share on the Director Grant Date, or for any portion of the Annual Cash Retainer that is not determinable on the Director Grant Date, on the subsequent date when such portion would otherwise have been paid in cash to the Non-Employee Director, in each case rounded down to the nearest number of whole Shares. Except as set forth in this section 13(d), unless otherwise determined by the Board or the Committee, any such Director RSU Award will be subject to the terms of Section 13(b)(ii) and (iii).

14. Other Provisions Applicable to Awards.

(a) *Non-Transferability of Awards.* Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by beneficiary designation, will or by the laws of descent or distribution. The Administrator may make an Award transferable to an Awardee's ''family member'' (as such term is defined in Section 1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as amended), to trusts solely for the benefit of such family members and to partnerships in which such family members and/or trusts are the only partners. If the Administrator makes an Award transferable, either on the Grant Date or thereafter, such Award shall contain such additional terms and conditions as the Administrator deems appropriate, and any transferee shall be deemed to be bound by such terms upon acceptance of such transfer.

(b) *Qualifying Performance Criteria.* For purposes of this Plan, the term ''Qualifying Performance Criteria'' shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit, Affiliate or business segment, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (i) cash flow (including operating cash flow or free cash flow) or cash conversion cycle; (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings); (iii) earnings per share; (iv) growth in: earnings or earnings per share, cash flow, revenue, gross margin, operating expense or operating expense as a percentage of revenue; (v) stock price; (vi) return on equity or average shareholder equity; (vii) total shareholder return; (viii) return on capital; (ix) return on assets or net assets; (x) return on investment; (xi) revenue (on an absolute basis or adjusted for currency effects); (xii) net profit or net profit before annual bonus; (xiii) income or net income; (xiv) operating income or net operating income; (xv) operating profit, net operating profit or controllable operating profit; (xvi) operating margin or operating expense or operating expense as a percentage of revenue; (xvii) return on operating revenue; (xviii) market share or customer indicators; (xix) contract awards or backlog; (xx) overhead or other expense reduction; (xxi) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index or another index; (xxii) credit rating; (xxiii) strategic plan development and implementation, attainment of research and development milestones or new product invention or innovation; (xxiv) succession plan development and implementation; (xxv) improvement in productivity or workforce diversity, (xxvi) attainment of objective operating goals and employee metrics; and (xxvii) economic value added. To the extent consistent with Section 162(m) of the Code, the Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (A) asset write-downs; (B) litigation or claim judgments or settlements; (C) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (D) accruals for reorganization and restructuring programs; and (E) any unusual or infrequently occurring or special items.

(c) *Certification.* Prior to the payment of any compensation under an Award intended to qualify as ''performance-based compensation'' under Section 162(m) of the Code, the Committee shall certify the extent to which any Qualifying Performance Criteria and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Common Stock).

(d) *Discretionary Adjustments Pursuant to Section 162(m).* Notwithstanding satisfaction or completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award to ''covered employees'' within the meaning of Section 162(m) of the Code, the number of Shares, Options, SARs or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

15. Adjustments upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) *Changes in Capitalization.* Subject to any required action by the shareholders of the Company, (i) the number and kind of Shares available for delivery under the Plan and/or covered by each outstanding Award, (ii) the price per Share subject to each such outstanding Award and (iii) the Share limitations set forth in Section 3 of the Plan, shall be proportionately adjusted for any increase or decrease in the number or kind of issued shares resulting from a stock split, reverse stock split, extraordinary dividend or other distribution (whether in the form of cash, Shares, other securities or other property (other than regular, cash dividends)), combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been ‘‘effected without receipt of consideration.’’ Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award.

(b) *Dissolution or Liquidation.* In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Awardee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide at any time for an Option to be fully vested and exercisable until ten (10) days prior to such transaction. In addition, the Administrator may provide that any restrictions on any Award shall lapse prior to the transaction, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed transaction.

(c) *Change in Control.* In the event there is a Change in Control of the Company, as determined by the Board or a Committee, the Board or Committee may, in its discretion, (i) provide for the assumption or substitution of, or adjustment to, each outstanding Award; (ii) accelerate the vesting of Awards and terminate any restrictions on Awards; and (iii) provide for the cancellation of Awards for a cash payment to the Awardee.

16. Amendment and Termination of the Plan.

(a) *Amendment and Termination.* The Administrator may amend, alter or discontinue the Plan or any Award Agreement, but any such amendment shall be subject to approval of the shareholders of the Company in the manner and to the extent required by Applicable Law. In addition, without limiting the foregoing, unless approved by the shareholders of the Company, no such amendment shall be made that would:

i. increase the maximum number of Shares for which Awards may be granted under the Plan, other than an increase pursuant to Section 15 of the Plan;

ii. reduce the minimum exercise price for Options or SARs granted under the Plan;

iii. reduce the exercise price of outstanding Options or SARs; or

iv. materially expand the class of persons eligible to receive Awards under the Plan.

(b) *Effect of Amendment or Termination.* No amendment, suspension or termination of the Plan shall impair the rights of any Award, unless mutually agreed otherwise between the Awardee and the Administrator, which agreement must be in writing and signed by the Awardee and the Company. Termination of the Plan shall not affect the Administrator’s ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) *Effect of the Plan on Other Arrangements.* Neither the adoption of the Plan by the Board or a Committee nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations on the power of the Board or any Committee to adopt such other incentive arrangements as it or they may deem desirable, including without limitation, the granting of awards otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

17. Designation of Beneficiary.

(a) An Awardee may file a written designation of a beneficiary who is to receive the Awardee's rights pursuant to Awardee's Award or the Awardee may include his or her Awards in an omnibus beneficiary designation for all benefits under the Plan pursuant to terms and conditions permitted by the Administrator. To the extent that Awardee has completed a designation of beneficiary while employed with HP, such beneficiary designation shall remain in effect with respect to any Award hereunder until changed by the Awardee to the extent enforceable under Applicable Law.

(b) Such designation of beneficiary may be changed by the Awardee at any time by written notice. In the event of the death of an Awardee and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Awardee's death, the Company shall allow the executor or administrator of the estate of the Awardee to exercise the Award, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may allow the spouse or one or more dependents or relatives of the Awardee to exercise the Award to the extent permissible under Applicable Law.

18. No Right to Awards or to Employment.

No person shall have any claim or right to be granted an Award and the grant of any Award shall not be construed as giving an Awardee the right to continue in the employ of the Company or its Affiliates. Further, the Company and its Affiliates expressly reserve the right, at any time, to dismiss any Employee or Awardee at any time without liability or any claim under the Plan, except as provided herein or in any Award Agreement entered into hereunder.

19. Legal Compliance.

Shares shall not be delivered pursuant to the exercise of an Option, Stock Appreciation Right or Stock Award unless the exercise of such Option, Stock Appreciation Right or Stock Award and the delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

20. Inability to Obtain Authority.

To the extent the Company is unable to or the Administrator deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful delivery and sale of any Shares hereunder, the Company shall be relieved of any liability with respect to the failure to deliver or sell such Shares as to which such requisite authority shall not have been obtained.

21. Reservation of Shares.

The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

22. Notice.

Any written notice to the Company required by any provisions of this Plan shall be addressed to the Secretary of the Company and shall be effective when received.

23. Governing Law; Interpretation of Plan and Awards.

(a) This Plan and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws, but not the choice of law rules, of the state of Delaware.

(b) In the event that any provision of the Plan or any Award granted under the Plan is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the terms of the Plan and/or Award shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

(c) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Plan, nor shall they affect its meaning, construction or effect.

(d) The terms of the Plan and any Award shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors and assigns.

(e) All questions arising under the Plan or under any Award shall be decided by the Administrator in its total and absolute discretion. In the event the Awardee believes that a decision by the Administrator with respect to such person was arbitrary or capricious, the Awardee may request arbitration with respect to such decision. The review by the arbitrator shall be limited to determining whether the Administrator's decision was arbitrary or capricious. This arbitration shall be the sole and exclusive review permitted of the Administrator's decision, and the Awardee shall as a condition to the receipt of an Award be deemed to explicitly waive any right to judicial review.

(f) Notice of demand for arbitration shall be made in writing to the Administrator within thirty (30) days after the applicable decision by the Administrator. The arbitrator shall be selected by the Administrator. The arbitrator shall be an individual who is an attorney licensed to practice law in the State of Delaware. Such arbitrator shall be neutral within the meaning of the Commercial Rules of Dispute Resolution of the American Arbitration Association; provided, however, that the arbitration shall not be administered by the American Arbitration Association. Any challenge to the neutrality of the arbitrator shall be resolved by the arbitrator whose decision shall be final and conclusive. The arbitration shall be administered and conducted by the arbitrator pursuant to the Commercial Rules of Dispute Resolution of the American Arbitration Association. The decision of the arbitrator on the issue(s) presented for arbitration shall be final and conclusive and may be enforced in any court of competent jurisdiction.

24. Limitation on Liability.

The Company and any Affiliate which is in existence or hereafter comes into existence shall not be liable to an Employee, an Awardee or any other persons as to:

(a) *The Non-Delivery of Shares.* The non-delivery or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful delivery and sale of any Shares hereunder; and

(b) *Tax Consequences.* Any tax consequence expected, but not realized, by any Awardee, Employee, Awardee or other person due to the receipt, exercise or settlement of any Option or other Award granted hereunder.

25. Unfunded Plan.

Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Awardees who are granted Stock Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Administrator be deemed to be a trustee of stock or cash to be awarded under the Plan. Any liability of the Company to any Awardee with respect to an Award shall be based solely upon any contractual obligations which may be created by the Plan; no such obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Administrator shall be required to give any security or bond for the performance of any obligation which may be created by this Plan.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended October 31, 2016

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 number 001-37483

HEWLETT PACKARD ENTERPRISE COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**47-3298624**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**
3000 Hanover Street, Palo Alto, California	**94304**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (650) 857-1501

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No □

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes □ No ☒

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 □

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No □

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of ''large accelerated filer,'' ''accelerated filer'' and ''smaller reporting company'' in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer □
Non-accelerated filer □ (Do not check if a smaller reporting company)	Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes □ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $28,699,276,157 based on the last sale price of common stock on April 30, 2016.

The number of shares of Hewlett Packard Enterprise Company common stock outstanding as of November 30, 2016 was 1,664,817,197 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Portions of the Registrant's proxy statement related to its 2017 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2016 are incorporated by reference into Part III of this Report.	III

[THIS PAGE INTENTIONALLY LEFT BLANK]

Hewlett Packard Enterprise Company

Form 10-K

For the Fiscal Year ended October 31, 2016

Table of Contents

Page

PART I

Item 1. Business . . . 2

Item 1A. Risk Factors . . . 14

Item 1B. Unresolved Staff Comments . . . 37

Item 2. Properties . . . 37

Item 3. Legal Proceedings . . . 38

Item 4. Mine Safety Disclosures . . . 38

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities . . . 39

Item 6. Selected Financial Data . . . 41

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations . . . 43

Item 7A. Quantitative and Qualitative Disclosures about Market Risk . . . 73

Item 8. Financial Statements and Supplementary Data . . . 75

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure . . . 163

Item 9A. Controls and Procedures . . . 163

Item 9B. Other Information . . . 163

PART III

Item 10. Directors, Executive Officers and Corporate Governance . . . 164

Item 11. Executive Compensation . . . 164

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters . . . 164

Item 13. Certain Relationships and Related Transactions, and Director Independence . . . 164

Item 14. Principal Accounting Fees and Services . . . 164

PART IV

Item 15. Exhibits and Financial Statement Schedules . . . 165

[THIS PAGE INTENTIONALLY LEFT BLANK]

Forward-Looking Statements

This Annual Report on Form 10-K, including ‘‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’’ in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise Company and its consolidated subsidiaries (‘‘Hewlett Packard Enterprise’’) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred tax assets, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the completed separation transaction and the previously announced divestiture transactions, the future performance of the company following such divestitures, as well as the execution of restructuring plans and any resulting cost savings, revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise’s businesses; the competitive pressures faced by Hewlett Packard Enterprise’s businesses; risks associated with executing Hewlett Packard Enterprise’s strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise’s products and the delivery of Hewlett Packard Enterprise’s services effectively; the protection of Hewlett Packard Enterprise’s intellectual property assets, including intellectual property licensed from third parties and intellectual property shared with its former Parent; risks associated with Hewlett Packard Enterprise’s international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the divestiture transactions and the execution, timing and results of any restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise’s business) and the anticipated benefits of the divestiture transactions and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in ‘‘Risk Factors’’ in Item 1A of Part I of this report and that are otherwise described or updated from time to time in Hewlett Packard Enterprise’s other filings with the Securities and Exchange Commission. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

PART I

ITEM 1. Business

We are an industry leading technology company that enables customers to go further, faster. With the industry's most comprehensive portfolio, spanning the cloud to the data center to workplace applications, our technology and services help customers around the world make information technology (''IT'') more efficient, more productive and more secure. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers.

On November 1, 2015, HP Inc. (''former Parent'' or ''HPI''), formerly known as Hewlett-Packard Company (''HP Co.''), spun-off Hewlett Packard Enterprise Company (''we'', ''us'', ''our'', ''Hewlett Packard Enterprise'', ''HPE'', or ''the Company''), pursuant to a separation agreement (the ''Separation and Distribution Agreement'') (collectively, the ''Separation''). To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise common stock owned by HP Inc. to its shareholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly traded company.

On May 24, 2016, we announced plans for a tax-free spin-off and merger of our Enterprise Services business (''Everett'') with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). Immediately following the Everett Transaction, which is currently targeted to be completed on or around April 1, 2017, shareholders of Hewlett Packard Enterprise Company will own shares of both Hewlett Packard Enterprise Company and approximately 50.1% of the new combined company. Mr. J. Michael Lawrie, the current Chairman, President and Chief Executive Officer (''CEO'') of CSC, will become chairman, president and CEO of the new combined company and Ms. Margaret C. Whitman, President and CEO of HPE, will join the Board of Directors. Other executives and directors will be announced at a later date. As of the announcement date, the Everett Transaction is expected to deliver approximately $8.5 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This includes an equity stake for HPE shareholders in the new combined company valued at approximately $4.5 billion, which represents approximately 50.1% ownership, a cash dividend of $1.5 billion to Hewlett Packard Enterprise, and the assumption of $2.5 billion of Hewlett Packard Enterprise net debt and other liabilities. The Everett Transaction is subject to certain customary closing conditions including approval by CSC shareholders, the effective filing of related registration statements, completion of a tax-free spin-off, Everett debt exchange, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain required foreign anti-trust approvals.

On September 7, 2016, we announced plans for a spin-off and merger of our Software segment (''Seattle'') with Micro Focus International plc (''Micro Focus'') (collectively, the ''Seattle Transaction''), which will create a pure-play enterprise software company. Upon the completion of the Seattle Transaction, which is currently targeted to be completed by approximately August 31, 2017, shareholders of Hewlett Packard Enterprise Company will own shares of both Hewlett Packard Enterprise and approximately 50.1% of the new combined company. As of the announcement date, the transaction is expected to deliver approximately $8.8 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This includes an equity stake for HPE shareholders in the new combined company valued at approximately $6.3 billion, which represents approximately 50.1% ownership, and a cash dividend of $2.5 billion to Hewlett Packard Enterprise. The Seattle Transaction is subject to certain customary closing conditions, including approval by Micro Focus shareholders, the effective filing of related registration statements, regulatory approvals, the receipt of certain tax opinions, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain required foreign anti-trust approvals.

Our Business Segments, Products and Services

We organize our business into the following five segments:

- *Enterprise Group.* Our Enterprise Group (''EG'') provides our customers with the cutting-edge technology infrastructure they need to optimize traditional IT while building a secure, cloud-enabled and mobile-ready future.

- *Software.* Our Software allows our customers to automate IT operations to simplify, accelerate and secure business processes and drives the analytics that turn raw data into actionable knowledge.
- *Enterprise Services.* Our Enterprise Services (''ES'') brings all of our solutions together through our consulting and support professionals to deliver superior, comprehensive results for our customers.
- *Financial Services.* Financial Services (''FS'') enables flexible IT consumption models, financial architectures and customized investment solutions for our customers.
- *Corporate Investments.* Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects, among others.

A summary of our net revenue, earnings from operations and assets for our segments can be found in Note 2, ''Segment Information'', to our Consolidated and Combined Financial Statements. A discussion of certain factors potentially affecting our operations is set forth in Item 1A, ''Risk Factors.''

Enterprise Group

EG provides a broad portfolio of enterprise technology solutions to address customer needs in building the foundation for the next generation of applications, web services and user experiences—which are only as rich, impactful and world-changing as the infrastructure platforms that they sit on. EG technology addresses a wide range of customer challenges, including supporting new types of applications, new approaches to IT operations, and new demands and uses for insight, and managing new threats and risks. EG technology also allows customers to capitalize on a wide range of trends and opportunities, from servicing new segments and buying behaviors to inventing new consumption models and creating new revenue streams. EG technology delivers customer outcomes through its innovative, industry leading portfolio across servers, storage, networking, management software, converged infrastructure solutions, and technology services. In today's rapidly changing technology landscape, customers face twin challenges when it comes to their infrastructure foundation: they must optimize their ''traditional IT'' to support existing applications, and they must simultaneously invest in ''cloud-first, mobile-first'' infrastructure that will support the next generation of applications, web services and user experiences. The EG portfolio delivers products and services across servers, storage and networking to reduce cost and continue high performance operations for traditional IT loads. For tomorrow's cloud-first, mobile-first workloads, the EG portfolio provides products and services across converged solutions engineered for the world's most important workloads in cloud, mobility, Infrastructure-as-a-Service, and big data; HPE OneView as the industry's only unified display software-defined infrastructure management solution; HPE Helion cloud portfolio delivering a broad offering of hybrid cloud solutions, cloud services and cloud software; and technology services to advise customers on the right path to transforming their enterprises for tomorrow's digital era.

Servers. Servers offers both Industry Standard Servers (''ISS'') as well as Mission-Critical Servers (''MCS'') to address the full array of our customers' compute needs. ISS provides a range of products from entry level servers, premium HPE ProLiant servers, and workload-specific servers for High Performance Computing, Big Data, and Hyperscale workloads. These servers typically run Windows, Linux and virtualization platforms from software providers including Microsoft Corporation (''Microsoft'') and VMware, Inc. (''VMware'') and open sourced software from other major vendors while leveraging x86 processors from Intel Corporation and Advanced Micro Devices. For the most Mission-critical workloads, HPE delivers Integrity servers based on the Intel® Itanium® processor, HPE Integrity NonStop solutions and mission critical x86 HPE ProLiant servers.

Storage. Our storage offerings include platforms for enterprise and small- and medium-size business (''SMB'') environments. Our flagship product is the 3PAR StoreServ Storage Platform, which is designed for virtualization, cloud and IT-as-a-service. Traditional Storage solutions include tape, storage networking and legacy external disk products such as EVA and XP. Converged Storage solutions include 3PAR StoreServ, StoreOnce and StoreVirtual products. These offerings enable our customers to optimize their existing storage systems, build new virtualization solutions and facilitate their transition to cloud computing.

Networking. Our networking offerings include switches, routers, wireless local area network (''WLAN'') and network management products that deliver open, scalable, secure, agile, and consistent solutions that span the data center, campus and branch environments and deliver software-defined networking and unified communications capabilities. Our unified wired and wireless networking offerings include WLAN access points, controllers and switches. Our networking solutions are based on our FlexNetwork architecture, which is designed to enable simplified server virtualization, unified communications and business application delivery for the enterprise. Software-defined networking provides an end-to-end solution to automate the network from data center to campus and branch.

Technology Services. Technology Services provides Support and Consulting services. Support services offerings span various levels of customer support needs and include: HPE Foundation Care, our portfolio of reactive hardware and software support services; HPE Proactive Care which combines remote support technology for real-time monitoring with rapid access to our technical experts; HPE Data Center Care, comprehensive, flexible end-to-end support that enables customers to build, operate or consume IT in private or hybrid cloud environments; and Lifecycle Event services, which are event based services, offering our technology expertise and advice for each phase of the technology life cycle. These services are available in the form of service contracts, pre-packaged offerings (HPE Care Pack services) or on a customized basis. Consulting services are focused on cloud mobility and big data and provide IT organizations with advice, design, implementation, migration and optimization of EG's platforms: servers, storage, networking and converged infrastructure.

Software

Our Software portfolio provides big data analytics and applications, application testing and delivery management, security and information governance, and IT operations management solutions for businesses and other enterprises of all sizes. Our Software offerings include licenses, support, professional services and software-as-a-service (''SaaS''). Our global business capabilities within Software are described below.

Big Data Analytics and Applications. Our big data product group provides a full suite of software designed to help organizations capture, store, explore, analyze, protect and share information and insights within and outside their organizations to improve business outcomes. The suite includes HPE Vertica, the leading analytics database technology for machine, structured and semi-structured data; and HPE IDOL, a unique analytics tool for human information. Our big data platform, HPE Haven OnDemand, brings these unique assets together for processing and understanding machine and sensor data, business data and unstructured human information. A growing ecosystem of customers, partners and developers use this platform to build big-data driven analytic applications. They are augmented by our support and professional services offerings in order to provide an end-to-end solution to customers which is available via on-premise, as well as via SaaS and hybrid delivery models.

Application Testing and Delivery Management. Our Application Delivery Management product group provides software that enables organizations to deliver high-performance applications, accelerating the application delivery life cycle and automating the testing processes to ensure the quality and scalability of desktop, web, mobile and cloud-based applications.

Security and Information Governance. Our Security and Information Governance product group provides comprehensive solutions that span security and risk management, with a focus on protecting what matters most—users, applications and data, while also enabling customers to manage risks and meet legal obligations. Our enterprise security software is designed to disrupt fraud, hackers and cyber criminals by testing and scanning software and websites for security vulnerabilities, improving network defenses and security, implementing security controls, safeguarding data at rest, in motion and in use (regardless of where software and data reside), and providing security intelligent, analytics, and information management to identify threats and manage risk. Our information governance software provides solutions for archiving, data protection, eDiscovery, and enterprise content management. The combination of our security and information governance offerings allow us to deliver unique offerings that address our customers' evolving data needs.

IT Operations Management. Our IT Operations Management product group provides the software required to automate routine IT tasks and to pinpoint IT problems as they occur, helping enterprises to reduce operational costs and improve the reliability of applications running in a traditional, cloud or hybrid environment.

Enterprise Services

ES provides technology consulting, outsourcing and support services across infrastructure, applications and business process domains in traditional and Strategic Enterprise Service (''SES'') offerings, which includes analytics and data management, security and cloud services. ES leverages our investments in our consulting and support professionals, infrastructure technology, applications, standardized methodologies, and global supply and delivery capabilities. ES also creates opportunities for us to market additional hardware and software by offering solutions that leverage our other products and services in order to meet our clients' needs.

Infrastructure Technology Outsourcing. Our Infrastructure Technology Outsourcing group delivers comprehensive services that streamline and help optimize our clients' technology infrastructure to efficiently enhance performance, reduce costs, mitigate risk, and enable business optimization. These services encompass the management of data centers, IT security, cloud computing, workplace technology, networks, unified communications, and enterprise service management. We also offer a set of managed services that provide a cross-section of our broader infrastructure services for smaller, discrete engagements.

Application and Business Services. Our Application and Business Services portfolio helps our clients develop, revitalize and manage their applications and information assets. Our complete application life cycle approach encompasses application development, testing, modernization, system integration, maintenance, and management for both packaged and custom-built applications and cloud offerings. Our Application and Business Services portfolio also includes intellectual property-based industry solutions, along with technologies and related services, all of which help our clients better manage their critical industry processes for customer relationship management, finance and administration, human resources, payroll, and document processing.

Financial Services

FS provides flexible investment solutions for our customers—such as leasing, financing, IT consumption and utility programs—and asset management services that facilitate unique technology deployment models and the acquisition of complete IT solutions, including hardware, software and services from us and others. In order to provide flexible services and capabilities that support the entire IT life cycle, FS partners with our customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large enterprise customers and channel partners, along with an array of financial options to SMBs and educational and governmental entities.

Corporate Investments

Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects among others.

Our Strengths

We believe that we possess a number of competitive advantages that distinguish us from our competitors, including:

Broad and deep end-to-end solutions portfolio. We combine our technology infrastructure, software and services capabilities to provide what we believe is the broadest and deepest portfolio of end-to-end enterprise solutions in the IT industry. Our ability to deliver a wide range of high-quality products and high-value consulting and support services in a single package is one of our principal differentiators.

Multiyear innovation roadmap. We have been in the technology and innovation business for over 75 years. Our vast intellectual property portfolio and global research and development capabilities are part of a broader innovation roadmap designed to help organizations of all sizes journey from traditional technology platforms to the IT systems of the future—what we call the new style of IT—which we believe will be characterized by the increasing and interrelated prominence of cloud computing, big data, enterprise security, applications, and mobility.

Global distribution and partner ecosystem. We are experts in delivering innovative technological solutions to our customers in complex multi-country, multi-vendor and/or multi-language environments. We have one of the largest go-to-market capabilities in our industry, including a large ecosystem of channel partners, which enables us to market and deliver our product offerings to customers located virtually anywhere in the world.

Custom financial solutions. We have developed innovative financing solutions to facilitate the delivery of our products and services to our customers. We deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

Experienced leadership team with track record of successful performance. Our management team has an extensive track record of performance and execution. We are led by our Chief Executive Officer, Margaret C. Whitman, who has proven experience in developing transformative business models, building global brands and driving sustained growth and expansion in the technology industry, including from her leadership of HP Co. for four years prior to the Separation and her previous ten years as Chief Executive Officer of eBay Inc. Our senior management team has over 100 collective years of experience in our industry and possesses extensive knowledge of and experience in the enterprise IT business and the markets in which we compete. Moreover, we have a deep bench of management and technology talent that we believe provides us with an unparalleled pipeline of future leaders and innovators.

Our Strategies

Disruptive change is all around us, and we are living in an idea economy where the ability to turn an idea into a new product or a new industry is more accessible than ever. This environment requires a new style of business, underpinned by a new style of IT. Cloud, mobile, big data, and analytics provide the tools enterprises need to significantly reduce the time to market for any good idea. Hewlett Packard Enterprise’s strategy is to enable customers to win in the idea economy by slashing the time it takes to turn an idea into value.

We make IT environments more efficient, more productive and more secure, enabling fast, flexible responses to a rapidly changing competitive landscape. We enable organizations to act quickly on ideas by creating, consuming and reconfiguring new solutions, experiences and business models, and deliver infrastructure that is built from components that can be composed and recomposed easily and quickly to meet the shifting demands of business applications.

Every IT journey is unique, but every customer is looking to minimize the time between initial idea and realized value. While some customers are looking for solutions that let them take the next step on this journey, the majority of customers are at the beginning of this journey and are looking for solutions that can help them take their first steps. Hewlett Packard Enterprise will leverage our leadership position in our traditional markets to lead the transition to this new style of business.

Specifically, we are focused on delivering solutions to help customers transform four critical areas that matter most to their business.

Transform to a hybrid infrastructure. Infrastructure matters more than ever today, but customers need a new kind of infrastructure. We help customers build an on-demand infrastructure and operational foundation for all of the applications that power the enterprise. With our cloud expertise, combined with our portfolio of traditional IT infrastructure and services, we are able to provide customized and seamless IT solutions for customers of all sizes and at all levels of technological sophistication. We are able to optimize our customers’ applications regardless of form—traditional, mobile, in the cloud, or in the data center.

Protect the digital enterprise. The threat landscape is wider and more diverse today than ever before. We offer complete risk management solutions, ranging from protection against security threats to data back-up and recovery, that help our customers protect themselves and their data in an increasingly volatile cybersecurity landscape. Our products and services are informed by our decades of IT security experience and enable customers to predict and disrupt threats, manage risk and compliance, and extend their internal security team.

Empower the data-driven organization. We provide open-source solutions that allow customers to use 100% of their data, including business data, human data and machine data, to generate real-time, actionable insights. The result is better and faster decision making.

Enable workplace productivity. We help customers deliver rich digital and mobile experiences to their customers, employees and partners. We offer an end-to-end mobility portfolio, from cloud infrastructure to customer-facing applications. Our infrastructure offerings leverage our cloud and security expertise to provide the backbone for secure mobile networks. Our integrated software offerings leverage our application expertise to provide intuitive interfaces for end-users. We also leverage our big data expertise to enable our customers to gain insight into the mobile user experience by monitoring and analyzing customer experience analytics.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the segments described above. Our customers are organized by commercial and large enterprise groups, including business and public sector enterprises, and purchases of our products, solutions and services may be fulfilled directly by us or indirectly through a variety of partners, including:

- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our solutions to resellers;
- original equipment manufacturers (''OEMs'') that integrate our products and services with their own products and services, and sell the integrated solution;
- independent software vendors that provide their clients with specialized software products and often assist us in selling our products and services to clients purchasing their products;
- systems integrators that provide expertise in designing and implementing custom IT solutions and often partner with us to extend their expertise or influence the sale of our products and services; and
- advisory firms that provide various levels of management and IT consulting, including some systems integration work, and typically partner with us on client solutions that require our unique products and services.

The mix of our business conducted by direct sales or channel differs substantially by business and region. We believe that customer buying patterns and different regional market conditions require us to tailor our sales, marketing and distribution efforts accordingly. We are focused on driving the depth and breadth of our coverage, in addition to identifying efficiencies and productivity gains, in both our direct and indirect businesses. While each of our business segments manages the execution of its own go-to-market and distribution strategy, our business segments also collaborate to ensure strategic and process alignment where appropriate. For example, we typically assign an account manager, generally from EG or ES, to manage relationships across our business with large enterprise customers. The account manager is supported by a team of specialists with product and services expertise. For other customers and for consumers, our business segments collaborate to manage relationships with commercial resellers targeting SMBs where appropriate.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers around the world to manufacture products that we design. The use of outsourced manufacturers is intended to generate cost efficiencies and reduce time to market for our products as well as maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party OEMs produce products that we purchase and resell under our brand. In addition to our use of outsourced manufacturers, we currently manufacture a limited number of finished products from components and subassemblies that we acquire from a wide range of vendors.

We utilize two primary methods of fulfilling demand for products: building products to order and configuring products to order. We build products to order to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Alternatively, configuring products to order enables units to match a customer's particular hardware and software customization requirements. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing shortly before the sale or distribution of products to our customers.

We purchase materials, supplies and product subassemblies from a substantial number of vendors. For most of our products, we have existing alternate sources of supply or such alternate sources of supply are readily available. However, we do rely on sole sources for certain customized parts (although some of these sources have operations in multiple locations in the event of a disruption). We are dependent upon Intel and AMD as suppliers of x86 processors; however, we believe that disruptions with these suppliers would result in industry-wide dislocations and therefore would not disproportionately disadvantage us relative to our competitors.

Like other participants in the IT industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our demand requirements for periods averaging 90 to 120 days. From time to time, we may experience significant price volatility or supply constraints for certain components that are not available from multiple sources or where our suppliers are geographically concentrated. When necessary, we are often able to obtain scarce components for somewhat higher prices on the open market, which may have an impact on our gross margin but does not generally disrupt production. We also may acquire component inventory in anticipation of supply constraints or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supply. See ''Risk Factors—We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly.''

International

Our products and services are available worldwide. We believe this geographic diversity allows us to meet demand on a worldwide basis for our customers, draws on business and technical expertise from a worldwide workforce, provides stability to our operations, provides revenue streams that may offset geographic economic trends, and offers us an opportunity to access new markets for maturing products. In addition, we believe that our future growth is dependent in part on our ability to develop products and sales models that target developing countries. In this regard, we believe that our broad geographic presence gives us a solid base on which to build such future growth.

A summary of our domestic and international results is set forth in Note 2, ''Segment Information'', to the Consolidated and Combined Financial Statements. Approximately 61% of our overall net revenue in fiscal 2016 came from outside the United States.

For a discussion of certain risks attendant to our international operations, see ''Risk Factors—Due to the international nature of our business, political or economic changes or other factors could harm our business and financial performance,'' ''—Recent global, regional and local economic weakness and uncertainty could adversely affect our business and financial performance,'' and ''—We are exposed to fluctuations in foreign currency exchange rates'' in Item 1A, ''Quantitative and Qualitative Disclosure about Market Risk'' in Item 7A and Note 12, ''Financial Instruments'', to our Consolidated and Combined Financial Statements in Item 8, which are incorporated herein by reference.

Research and Development

Innovation is a key element of our culture and critical to our success. Our research and development efforts are focused on designing and developing products, services and solutions that anticipate customers' changing needs and desires and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and where partnering with other leading technology companies will leverage our cost structure and maximize our customers' experiences.

Hewlett Packard Labs, together with the various research and development groups within our business segments, is responsible for our research and development efforts. Hewlett Packard Labs is part of our Corporate Investments segment.

Expenditures for research and development were $2.3 billion in fiscal 2016, $2.3 billion in fiscal 2015 and $2.2 billion in fiscal 2014. We anticipate that we will continue to have significant research and development expenditures in the future to support the design and development of innovative, high-quality products, services and solutions to maintain and enhance our competitive position. For a discussion of risks attendant to our research and development activities, see ''Risk Factors—If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.''

Patents

Our general policy is to seek patent protection for those inventions likely to be incorporated into our products and services or where obtaining such proprietary rights will improve our competitive position. At present, our worldwide patent portfolio includes approximately 12,000 patents.

Patents generally have a term of up to 20 years from the date they are filed. As our patent portfolio has been built over time, the remaining terms of the individual patents across our patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our products and services, enhancing our freedom of action to sell our products and services in markets in which we choose to participate, and maximizing our return on research and development investments. No single patent is in itself essential to our company as a whole or to any of our business segments.

In addition to developing our patent portfolio, we license intellectual property from third parties as we deem appropriate. We have also granted and continue to grant to others licenses and other rights under our patents when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to intellectual property rights, see ''Risk Factors—Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend'' and ''—Our products and services depend in part on intellectual property and technology licensed from third parties.''

Backlog

We believe that our backlog is not a meaningful indicator of our future business prospects due to our diverse product and service portfolio, including the large volume of products delivered from finished goods or channel partner inventories and the shortening of product life cycles. Therefore, we believe that backlog information is not material to an understanding of our overall business.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products, services and solutions experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales are often weaker in the summer months. See Item 1A ''Risk Factors—Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.''

Competition

We have a broad technology portfolio of enterprise IT infrastructure products and solutions, multi-vendor customer services and IT management software and solutions. We believe we are the leader or among the leaders in each of our business segments. Nevertheless, we encounter strong competition in all areas of our business. We compete primarily on the basis of technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, and the availability of our application software and IT infrastructure offerings.

The markets for each of our business segments are characterized by strong competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Most product life cycles are relatively short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above, among others. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and market their products under their own brand names. Our successful management of these competitive partner relationships is critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

The competitive environments in which each segment operates are described below:

Enterprise Group. EG operates in the highly competitive enterprise technology infrastructure market, which is characterized by rapid and ongoing technological innovation and price competition. Our primary competitors include technology vendors such as Dell Technologies Inc. (''Dell''), Cisco Systems, Inc. (''Cisco''), NetApp, Inc., Lenovo Group Ltd., International Business Machines Corporation (''IBM''), Huawei Technologies Co. Ltd., Amazon.com, Inc. (''Amazon''), Oracle Corporation (''Oracle''), Fujitsu Limited (''Fujitsu''), Juniper Networks, Inc., Inspur Co., Ltd., Hitachi Ltd., Extreme Networks, Inc., Pure Storage, Inc., Brocade Communications Systems, Inc., VMware, Nutanix, Inc., Google Inc. and Rackspace Inc. In certain regions, we also experience competition from local companies and from generically branded or ''white-box'' manufacturers. Our strategy is to deliver superior products, high-value technology support services and differentiated integrated solutions that combine our infrastructure, software and services capabilities. Our competitive advantages include our broad end-to-end solutions portfolio, supported by our strong intellectual property portfolio and research and development capabilities, coupled with our global reach and partner ecosystem.

Enterprise Services. ES competes in the IT services, consulting and integration, infrastructure technology outsourcing, business process outsourcing, and application services markets. Our primary competitors include IBM Global Services, Computer Sciences Corporation, systems integration firms such as Accenture plc, and offshore companies such as Fujitsu and India-based competitors Wipro Limited, Infosys Limited and Tata Consultancy Services Ltd. We also compete with other traditional hardware providers which are increasingly offering services to support their products, new players in emerging areas like cloud such as Amazon, and smaller local players. Many of our competitors offer a wide range of global services, and some of our competitors enjoy significant brand recognition. ES teams with many companies to offer services, and those arrangements allow us to extend our reach and augment our capabilities. Our competitive advantages include our deep technology expertise, especially in complex multi-country, multi-vendor and/or multi-language environments, our differentiated intellectual property, our strong track record of collaboration with clients and partners, and the combination of our expertise in infrastructure management with skilled global resources on platforms from SAP AG (''SAP''), Oracle and Microsoft, among others.

Software. The markets in which our Software segment operates are characterized by rapidly changing customer requirements and technologies. We design and develop enterprise IT management software in competition with IBM, CA Technologies, Inc., VMware, BMC Software, Inc., and others. Our applications testing and delivery management software competes with products from companies like IBM, Microsoft, CA Technologies, and Atlassian Corporation Plc. Our big data solutions compete with products from companies like Adobe Systems Inc., IBM, Dell, Open Text Corporation, Oracle, and Symantec Corporation. We also deliver enterprise security/risk intelligence solutions that compete with products from Dell, IBM, Cisco, and Splunk Inc. Our information governance offerings, incorporating both structured and unstructured data, compete with products from companies like Veritas Technologies and Dell. As customers are becoming increasingly comfortable with newer delivery mechanisms such as SaaS, we are facing competition from smaller, less traditional competitors, particularly for customers with smaller IT organizations. Our differentiation lies in the breadth and depth of our software and services portfolio, our collaboration with EG and ES to provide comprehensive IT solutions and the scope of our market coverage.

Financial Services. In our financing business, our competitors are captive financing companies, mainly IBM Global Financing, as well as banks and other financial institutions. We believe our competitive advantage over banks and other financial institutions in our financing business is our ability to deliver flexible investment solutions and expertise that help customers and other partners create unique technology deployments based on specific business needs.

For a discussion of certain risks attendant to these competitive environments, see ''Risk Factors—We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.''

Environment

Our operations are subject to regulation under various federal, state, local, and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the clean-up of contaminated sites. We could incur substantial costs, including clean-up costs, fines and civil or criminal sanctions and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local, and foreign laws governing chemical substances in products and their safe use, including laws restricting the presence of certain substances in electronics products and in some cases, laws regulating the manufacture and distribution of chemical substances. Some of our products and services also are, or may in the future be, subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use and their energy efficiency, including requirements relating to climate change. We are also subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment, and disposal of past and future covered products (sometimes referred to as ‘‘product take-back legislation’’). In the event our products become non-compliant with these laws, our products could be restricted from entering certain jurisdictions and we could face other sanctions, including fines.

Our operations, services and ultimately our products are expected to become increasingly subject to federal, state, local, and foreign laws, regulations and international treaties relating to climate change. As these laws, regulations, treaties, and similar initiatives and programs are adopted and implemented throughout the world, we will be required to comply or potentially face market access limitations or other sanctions, including fines. However, we believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements, and we are collaborating with industry, business groups and governments to find and promote ways that our technology can be used to address climate change and to facilitate compliance with related laws, regulations and treaties.

We are committed to maintaining compliance with all environmental laws applicable to our operations, products and services, and to reducing our environmental impact across all aspects of our business. We meet this commitment with a comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

Environmental costs and accruals are presently not material to our operations, cash flows or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations, services or products will not have a material adverse effect on our operations, cash flows or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

Employees

We had approximately 195,000 employees as of October 31, 2016.

Additional Information

Microsoft® and Windows® are registered trademarks of Microsoft Corporation. Intel®, Itanium®, Intel® Atom™, and Intel® Itanium® are trademarks of Intel Corporation in the United States and other countries. AMD is a trademark of Advanced Micro Devices, Inc. UNIX® is a registered trademark of The Open Group.

Executive Officers

The following are our current executive officers:

Margaret C. Whitman; age 60; President and Chief Executive Officer

Ms. Whitman has served as President and Chief Executive Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chairman of

HP Co. from July 2014 to November 2015 and President and Chief Executive Officer of HP Co. from September 2011 to November 2015. From March 2011 to September 2011, Ms. Whitman served as a part-time strategic advisor to Kleiner Perkins Caufield & Byers, a private equity firm. Previously, Ms. Whitman served as President and Chief Executive Officer of eBay Inc., an online marketplace, from 1998 to 2008. Ms. Whitman also serves as a director of The Procter & Gamble Company, a consumer goods company, and of HP Inc. and is a former director of Zipcar, Inc., a car sharing service.

Henry Gomez; age 53; Executive Vice President, Chief Marketing and Communications Officer

Mr. Gomez has served as Executive Vice President and Chief Marketing and Communications Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Gomez performed a similar role at HP Co. from August 2013 to November 2015. Previously, he served as Chief Communications Officer and Executive Vice President of HP Co. from January 2012 to July 2013. Prior to that, he ran HSG Communications, a consulting business that he founded in September 2008. He also served on the leadership team of Ms. Whitman's gubernatorial campaign from February 2009 to November 2010. From September 2011 to September 2013 he served as a director of BJ's Restaurants, Inc., a food service company.

Christopher P. Hsu; age 46; Executive Vice President, Chief Operating Officer, Hewlett Packard Enterprise and General Manager, HPE Software

Mr. Hsu has served as Executive Vice President and Chief Operating Officer for Hewlett Packard Enterprise since November 2015 and General Manager, HPE Software since September 2016. Prior to that, he served as Senior Vice President, Organizational Performance and Hewlett Packard Enterprise Separation Leader at HP Co. from May 2014 to November 2015. Prior to joining HP Co., he served as Managing Director at Kohlberg Kravis Roberts (''KKR''), an investment firm, from December 2013 to May 2014 and as Director of KKR Capstone, a consulting firm, from November 2008 to December 2013.

Kirt P. Karros; age 47; Senior Vice President, Finance and Treasurer

Mr. Karros has served as Senior Vice President, Finance and Treasurer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Karros performed a similar role at HP Co. as well as leading Investor Relations from May 2015 to October 2015. Previously, Mr. Karros served as a Principal and Managing Director of Research for Relational Investors LLC, an investment fund, from 2001 to May 2015. Mr. Karros served as a director of PMC-Sierra, a semiconductor company, from August 2013 to May 2015.

Alan May; age 58; Executive Vice President, Human Resources

Mr. May has served as Executive Vice President, Human Resources at Hewlett Packard Enterprise since June 2015. Before joining Hewlett Packard Enterprise, Mr. May served as Vice President, Human Resources at Boeing Commercial Aircraft, a division of The Boeing Company, from April 2013 to June 2015. Previously, Mr. May served as Vice President of Human Resources for Boeing Defense, Space and Security at Boeing from April 2011 to June 2015 and as Vice President, of Compensation, Benefits and Strategy at Boeing from August 2007 to April 2011.

Michael G. Nefkens; age 47; Executive Vice President and General Manager, Enterprise Services

Mr. Nefkens has served as Executive Vice President and General Manager, Enterprise Services at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Nefkens performed a similar role at HP Co. from December 2012 to November 2015, having been appointed to the role in an acting capacity in August 2012. Previously, Mr. Nefkens served as Senior Vice President and General Manager of Enterprise Services in the EMEA region at HP Co. from November 2009 to August 2012.

Antonio Neri; age 49; Executive Vice President and General Manager, Enterprise Group

Mr. Neri has served as Executive Vice President and General Manager, Enterprise Group at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Neri served as Senior Vice President and General Manager, Enterprise Group at HP Co. from October 2014 to November 2015. Previously, he served as Senior Vice President and General Manager of the HP Servers business from September 2013 to October 2014 and concurrently as Senior Vice President and General Manager of the HP Networking business unit from May 2014 to October 2014. Prior to that, Mr. Neri served as Senior Vice President and General Manager of the HP Technology Services business unit from August 2011 to September 2013 and as Senior Vice President, Customer Services for the HP Personal Systems Group from 1995 until August 2011. From March 2012 to February 2013, Mr. Neri served as a director of MphasiS Limited, a technology company.

Jeff T. Ricci; age 55; Senior Vice President, Controller and Principal Accounting Officer

Mr. Ricci has served as Senior Vice President, Controller and Principal Accounting Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Ricci performed a similar role at HP Co. from April 2014 to November 2015. Previously, Mr. Ricci served as Controller and Principal Accounting Officer at HP Co. on an interim basis from November 2013 to April 2014. Prior to that, Mr. Ricci served as Vice President of Finance for HP Co.'s Technology and Operations organization from May 2012 to November 2013. Mr. Ricci served as HP Co.'s Vice President of Finance for Global Accounts and HP Financial Services from March 2011 to May 2012 and Vice President of Finance for HP Software from March 2009 to March 2011.

John F. Schultz; age 52; Executive Vice President, General Counsel and Secretary

Mr. Schultz has served as Executive Vice President, General Counsel and Secretary of Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Schultz performed a similar role at HP Co. from April 2012 to November 2015. Previously, he served as Deputy General Counsel for Litigation, Investigations and Global Functions at HP Co. from September 2008 to April 2012. From March 2005 to September 2008, Mr. Schultz was a partner in the litigation practice at Morgan, Lewis & Bockius LLP, a law firm, where, among other clients, he supported HP Co. as external counsel on a variety of litigation and regulatory matters.

Timothy C. Stonesifer; age 49; Executive Vice President and Chief Financial Officer

Mr. Stonesifer has served as Executive Vice President and Chief Financial Officer at Hewlett Packard Enterprise since November 2015. Prior to that, Mr. Stonesifer acted as Senior Vice President and Chief Financial Officer, Enterprise Group at HP Co. from February 2014 to November 2015. Before joining HP Co., he served as Chief Financial Officer of General Motors International Operations, an automotive company, from May 2011 to January 2014. Previously, he served as Chief Financial Officer of Alegco Scotsman, a storage company, from June 2010 to May 2011. Prior to that, Mr. Stonesifer served as Chief Financial Officer of Sabic Innovative Plastics (formerly GE Plastics) from August 2007 to June 2010 after having served in various other positions at General Electric since joining the company in 1989.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at http://investors.hpe.com, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the Securities and Exchange Commission. Hewlett Packard Enterprise's Corporate Governance Guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Finance and Investment Committee, HR and Compensation Committee, Technology Committee, and Nominating, Governance and Social Responsibility Committee) and code of ethics entitled ''Standards of Business Conduct'' are also available at that same location on our website. Stockholders may request free copies of these documents from:

Hewlett Packard Enterprise Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
http://investors.hpe.com/financial/requested-printed-reports

ITEM 1A. Risk Factors.

You should carefully consider the following risks and other information in this Form 10-K in evaluating Hewlett Packard Enterprise and its common stock. Any of the following risks could materially and adversely affect our results of operations or financial condition. The following risk factors should be read in conjunction with Part II, Item 7, ''Management's Discussion and Analysis of Financial Condition and Results of Operation'' and the Consolidated and Combined Financial Statements and related notes in Part II, Item 8, ''Financial Statements and Supplemental Data'' of this Form 10-K.

Risks Related to Our Business

If we are unsuccessful at addressing our business challenges, our business and results of operations may be adversely affected and our ability to invest in and grow our business could be limited.

We are in the process of addressing many challenges facing our business. One set of challenges relates to dynamic and accelerating market trends, such as the market shift to cloud-related IT infrastructure, software and services, and the growth in software-as-a-service (''SaaS'') business models. Certain of our legacy hardware businesses face challenges as customers migrate to cloud-based offerings and reduce their purchases of hardware products. Additionally, our legacy software business derives a large portion of its revenues from upfront license sales, some of which over time can be expected to shift to SaaS. A second set of challenges relates to changes in the competitive landscape. Our major competitors are expanding their product and service offerings with integrated products and solutions; our business-specific competitors are exerting increased competitive pressure in targeted areas and are entering new markets; our emerging competitors are introducing new technologies and business models; and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution. For example, we may fail to develop innovative products and services, maintain the manufacturing quality of our products, manage our distribution network or successfully market new products and services, any of which could adversely affect our business and financial condition.

In addition, we are facing a series of significant macroeconomic challenges, including weakness across many geographic regions, particularly in the United States, Central and Eastern Europe and Russia, and certain countries in Asia. We may experience delays in the anticipated timing of activities related to our efforts to address these challenges and higher than expected or unanticipated execution costs. In addition, we are vulnerable to increased risks associated with our efforts to address these challenges given our large and diverse portfolio of businesses, the broad range of geographic regions in which we and our customers and partners operate, and the ongoing integration of acquired businesses. If we do not succeed in these efforts, or if these efforts are more costly or time-consuming than expected, our business and results of operations may be adversely affected, which could limit our ability to invest in and grow our business.

We operate in an intensely competitive industry and competitive pressures could harm our business and financial performance.

We encounter aggressive competition from numerous and varied competitors in all areas of our business, and our competitors have targeted and are expected to continue targeting our key market segments. We compete primarily on the basis of our technology, innovation, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, and the availability of our application software and IT infrastructure offerings. If our products, services, support and cost structure do not enable us to compete successfully based on any of those criteria, our results of operations and business prospects could be harmed.

We have a large portfolio of products and services and must allocate our financial, personnel and other resources across all of our products and services while competing with companies that have smaller portfolios or specialize in one or more of our product or service lines. As a result, we may invest less in certain areas of our business than our competitors do, and our competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our products and services that compete against their products and services. Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, our competitors may affect our business by entering into exclusive arrangements with our existing or potential customers or suppliers.

Companies with whom we have alliances in certain areas may be or become our competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with our competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to continue lowering the prices of many of our products and services to stay competitive, while simultaneously seeking to maintain or improve our revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions or more favorable allocations of products and components during periods of limited supply may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

Because our business model is based on providing innovative and high-quality products, we may spend a proportionately greater amount of our revenues on research and development than some of our competitors. If we cannot proportionately decrease our cost structure (apart from research and development expenses) on a timely basis in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our pricing and other facets of our offerings are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our financial performance and business prospects.

Even if we are able to maintain or increase market share for a particular product, its financial performance could decline because the product is in a maturing industry or market segment or contains technology that is becoming obsolete. For example, our Storage business unit is experiencing the effects of a market transition towards converged products and solutions, which has led to a decline in demand for our traditional storage products. In addition, the performance of our Business Critical Systems business unit has been affected by the decline in demand for UNIX servers and concerns about the development of new versions of software to support our Itanium-based products. Financial performance could decline due to increased competition from other types of products. For example, the development of cloud-based solutions has reduced demand for some of our existing hardware products.

If we cannot successfully execute our go-to-market strategy and continue to develop, manufacture and market innovative products, services and solutions, our business and financial performance may suffer.

Our long-term strategy is focused on leveraging our existing portfolio of hardware, software and services as we adapt to a new hybrid model of IT delivery and consumption driven by the growing adoption of cloud computing and increased demand for integrated IT solutions. To successfully execute this strategy, we must continue to pivot toward the delivery of integrated IT solutions and continue to invest and expand in cloud computing, enterprise security, big data, applications and mobility. Any failure to successfully execute this strategy, including any failure to invest sufficiently in strategic growth areas, could adversely affect our business, results of operations and financial condition.

The process of developing new high-technology products, software, services and solutions and enhancing existing hardware and software products, services and solutions is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share, results of operations and financial condition. For example, as the transition to an environment characterized by cloud-based computing and software being delivered as a service progresses, we must continue to successfully develop and deploy cloud-based solutions for our customers. We must make long-term investments, develop or obtain and protect appropriate intellectual property, and commit significant research and development and other resources before knowing whether our predictions will accurately reflect customer demand for our products, services and solutions. Any failure to accurately predict technological and business trends, control research and development costs or execute our innovation strategy could harm our business and financial performance. Our research and development initiatives may not be successful in whole or in part, including research and development projects which we have prioritized with respect to funding and/or personnel.

After we develop a product, we must be able to manufacture appropriate volumes quickly while also managing costs and preserving margins. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed at doing so within a given product's life cycle or at all. Any delay in the development, production or marketing of a new product, service or solution could result in us not being among the first to market, which could further harm our competitive position.

For example, our success in our Software segment is dependent on our ability to address the market shift to SaaS and other go-to-market execution challenges. To be successful in addressing these challenges, we must improve our go-to-market execution with multiple product delivery models, which better address customer needs and achieve broader integration across our overall product portfolio as we work to capitalize on important market opportunities in cloud computing, big data, enterprise security, applications and mobility. Improvements in SaaS delivery, however, do not guarantee that we will achieve increased revenue or profitability. SaaS solutions often have lower margins than other software solutions throughout the subscription period and customers may elect to not renew their subscriptions upon expiration of their agreements with us.

***If we cannot continue to produce quality products and services, our reputation, business and financial performance may suffer*.**

In the course of conducting our business, we must adequately address quality issues associated with our products, services and solutions, including defects in our engineering, design and manufacturing processes and unsatisfactory performance under service contracts, as well as defects in third-party components included in our products and unsatisfactory performance or even malicious acts by third-party contractors or subcontractors or their employees. In order to address quality issues, we work extensively with our customers and suppliers and engage in product testing to determine the causes of problems and to develop and implement appropriate solutions. However, the products, services and solutions that we offer are complex, and our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues or errors, particularly with respect to faulty components manufactured by third parties. If we are unable to determine the cause, find an appropriate solution or offer a temporary fix (or ''patch'') to address quality issues with our products, we may delay shipment to customers, which could delay revenue recognition and receipt of customer payments and could adversely affect our revenue, cash flows and profitability. In addition, after products are delivered, quality issues may require us to repair or replace such products. Addressing quality issues can be expensive and may result in additional warranty, repair, replacement and other costs, adversely affecting our financial performance. If new or existing customers have difficulty operating our products or are dissatisfied with our services or solutions, our results of operations could be adversely affected, and we could face possible claims if we fail to meet our customers' expectations. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect our results of operations.

If we fail to manage the distribution of our products and services properly, our business and financial performance could suffer.

We use a variety of distribution methods to sell our products and services around the world, including third-party resellers and distributors and both direct and indirect sales to enterprise accounts and consumers. Successfully managing the interaction of our direct and indirect channel efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, our failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our revenue and gross margins and therefore our profitability.

Our financial results could be materially adversely affected due to distribution channel conflicts or if the financial conditions of our channel partners were to weaken. Our results of operations may be adversely affected by any conflicts that might arise between our various distribution channels or the loss or deterioration of any alliance or distribution arrangement. Moreover, some of our wholesale distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness, industry consolidation and market trends. Many of our significant distributors operate on narrow margins and have been negatively affected by business pressures in the past. Considerable trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution channel partners.

Revenue from indirect sales could suffer, and we could experience disruptions in distribution, if our distributors' financial conditions, abilities to borrow funds in the credit markets or operations weaken.

Our inventory management is complex, as we continue to sell a significant mix of products through distributors. We must manage both owned and channel inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing challenges. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods may reduce our visibility into demand and pricing trends and issues, and therefore make forecasting more difficult. If we have excess or obsolete inventory, we may have to reduce our prices and write down inventory. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to pricing changes by competitors. We also may have limited ability to estimate future product rebate redemptions in order to price our products effectively.

Recent global, regional and local economic weakness and uncertainty could adversely affect our business and financial performance.

Our business and financial performance depend significantly on worldwide economic conditions and the demand for technology hardware, software and services in the markets in which we compete. Recent economic weakness and uncertainty in various markets throughout the world have resulted, and may result in the future, in decreased revenue, gross margin, earnings or growth rates and in increased expenses and difficulty in managing inventory levels. For example, we are continuing to experience macroeconomic weakness across many geographic regions, particularly in the Europe, the Middle East and Africa region, China and certain other high-growth markets. Ongoing U.S. federal government spending limits may continue to reduce demand for our products, services and solutions from organizations that receive funding from the U.S. government, and could negatively affect macroeconomic conditions in the United States, which could further reduce demand for our products, services and solutions. Economic weakness and uncertainty may adversely affect demand for our products, services and solutions, may result in increased expenses due to higher allowances for doubtful accounts and potential goodwill and asset impairment charges, and may make it more difficult for us to make accurate forecasts of revenue, gross margin, cash flows and expenses.

Economic weakness and uncertainty could cause our expenses to vary materially from our expectations. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption. Poor financial performance of asset markets combined with lower interest rates and the adverse effects of fluctuating currency exchange rates could lead to higher pension and post-retirement benefit expenses. Interest and other expenses could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, costs of hedging activities and the fair value of derivative instruments. Economic downturns also may lead to restructuring actions and associated expenses.

Due to the international nature of our business, political or economic changes or other factors could harm our business and financial performance.

Sales outside the United States constituted approximately 61% of our net revenue in fiscal 2016. Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts, including uncertainties and instability in economic and market conditions caused by the United Kingdom's vote to exit the European Union;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;

- local labor conditions and regulations, including local labor issues faced by specific suppliers and original equipment manufacturers (''OEMs'');
- managing our geographically dispersed workforce;
- changes in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business in certain jurisdictions, prevent us from shipping products to particular countries or markets, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner, and changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States. For example, we rely on suppliers in Asia for product assembly and manufacture.

In many foreign countries, particularly in those with developing economies, there are companies that engage in business practices prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act of 1977, as amended (the ''FCPA''). Although we implement policies, procedures and training designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those of the companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have an adverse effect on our business and reputation.

We are exposed to fluctuations in foreign currency exchange rates.

Currencies other than the U.S. dollar, including the euro, the British pound, Chinese yuan (renminbi) and the Japanese yen, can have an impact on our results as expressed in U.S. dollars. In particular, the economic uncertainties relating to European sovereign and other debt obligations and the related European financial restructuring efforts may cause the value of the euro to fluctuate. Currency volatility also contributes to variations in our sales of products and services in impacted jurisdictions. For example, in the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or into Europe generally, would likely be adversely affected until stable exchange rates are established. Accordingly, fluctuations in foreign currency exchange rates, most notably the strengthening of the U.S. dollar against the euro, could adversely affect our revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and margins on sales of products that include components obtained from suppliers located outside of the United States.

From time to time, we may use forward contracts and options designated as cash flow hedges to protect against foreign currency exchange rate risks. The effectiveness of our hedges depends on our ability to accurately forecast future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. Losses associated with hedging activities also may impact our revenue and to a lesser extent our cost of sales and financial condition.

The revenue and profitability of our operations have historically varied, which makes our future financial results less predictable.

Our revenue, gross margin and profit vary among our diverse products and services, customer groups and geographic markets and therefore will likely be different in future periods than our historical results as a consolidated subsidiary of HP Co. Our revenue depends on the overall demand for our products and services. Delays or reductions in IT spending by our customers or potential customers could have a material adverse effect on demand for our products and services, which could result in a significant decline in revenue. In addition, revenue declines in some of our businesses, particularly our services businesses, may affect revenue in our other businesses as we may lose cross-selling opportunities. Overall gross margins and profitability in any given period are dependent partially on the product, service, customer and geographic mix reflected in that period's net revenue. Competition, lawsuits, investigations, increases in component and manufacturing costs that we are unable to pass on to our customers, component supply disruptions and other risks affecting those businesses therefore may have a significant impact on our overall gross margin and profitability. Certain segments have a higher fixed cost structure and more variation in gross margins across their business units and product portfolios than others and may therefore experience significant operating profit volatility on a quarterly or annual basis. In addition, newer geographic markets may be relatively less profitable due to our investments associated with entering those markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Market trends, industry shifts, competitive pressures, commoditization of products, increased component or shipping costs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins of certain segments in a given period, which may lead to adjustments to our operations. Moreover, our efforts to address the challenges facing our business could increase the level of variability in our financial results because the rate at which we are able to realize the benefits from those efforts may vary from period to period. See also the risk factor below entitled ''We have limited history of operating as an independent company and we expect to incur increased administrative and other costs following the Separation by virtue of our status as an independent public company. Our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.''

We depend on third-party suppliers, and our financial results could suffer if we fail to manage our suppliers properly.

Our operations depend on our ability to anticipate our needs for components, products and services, as well as our suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices and in time for us to meet critical schedules for the delivery of our own products and services. Given the wide variety of systems, products and services that we offer, the large number of our suppliers and contract manufacturers that are located around the world, and the long lead times required to manufacture, assemble and deliver certain components and products, problems could arise in production, planning and inventory management that could seriously harm our business. In addition, our ongoing efforts to optimize the efficiency of our supply chain could cause supply disruptions and be more expensive, time-consuming and resource-intensive than expected. Furthermore, certain of our suppliers may decide to discontinue conducting business with us. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, risks associated with contingent workers, and risks related to our relationships with single-source suppliers, each of which is described below.

- *Component shortages.* We may experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, the inability of suppliers to borrow funds in the credit markets, disputes with suppliers (some of whom are also our customers), disruptions in the operations of component suppliers, other problems experienced by suppliers or problems faced during the transition to new suppliers. If shortages or delays persist, the price of certain components may increase, we may be exposed to quality issues, or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities needed or according to our specifications. Accordingly, our business and financial performance could suffer if we lose time-sensitive sales, incur additional freight costs or are unable to pass on price increases to our customers. If we cannot adequately address supply issues, we might have to reengineer some product or service offerings, which could result in further costs and delays.
- *Excess supply.* In order to secure components for our products or services, at times we may make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we may purchase components strategically in advance of demand to take advantage of favorable

pricing or to address concerns about the availability of future components. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our business and financial performance.

- *Contractual terms.* As a result of binding long-term price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions. If we commit to purchasing components or services for prices in excess of the then-current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, our gross margin could suffer, and we could incur additional charges relating to inventory obsolescence. Any of these developments could adversely affect our future results of operations and financial condition.
- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to manage our use of such workers effectively could adversely affect our results of operations. We have been exposed to various legal claims relating to the status of contingent workers in the past and could face similar claims in the future. We may be subject to shortages, oversupply or fixed contractual terms relating to contingent workers. Our ability to manage the size of, and costs associated with, the contingent workforce may be subject to additional constraints imposed by local laws.
- *Single-source suppliers.* We obtain a significant number of components from single sources due to technology, availability, price, quality or other considerations. New products that we introduce may utilize custom components obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single-source supplier could delay production of some products as replacement suppliers may be subject to capacity constraints or other output limitations. For some components, such as customized components, alternative sources either may not exist or may be unable to produce the quantities of those components necessary to satisfy our production requirements. In addition, we sometimes purchase components from single-source suppliers under short-term agreements that contain favorable pricing and other terms but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of such single-source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of our components. The loss of a single-source supplier, the deterioration of our relationship with a single-source supplier or any unilateral modification to the contractual terms under which we are supplied components by a single-source supplier could adversely affect our business and financial performance.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our worldwide operations could be disrupted by earthquakes, telecommunications failures, power or water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics or pandemics and other natural or manmade disasters or catastrophic events, for which we are predominantly self-insured. The occurrence of any of these business disruptions could result in significant losses, seriously harm our revenue, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. Our corporate headquarters and a portion of our research and development activities are located in California, and other critical business operations and some of our suppliers are located in California and Asia, near major earthquake faults known for seismic activity. In addition, our principal worldwide IT data centers are located in the southern United States, making our operations more vulnerable to natural disasters or other business disruptions occurring in that geographical area. The manufacture of product components, the final assembly of our products and other critical operations are concentrated in certain geographic locations, including the Czech Republic, Mexico, China and Singapore. We also rely on major logistics hubs, primarily in Asia to manufacture and distribute our products, and primarily in the southwestern United States to import products into the Americas region. Our operations could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, including natural disasters, IT system failures, military actions or economic, business, labor, environmental, public health, regulatory or political issues. The ultimate impact on us, our significant suppliers and our general infrastructure of being located near locations more vulnerable to the occurrence of the aforementioned business disruptions, such as near major earthquake faults, and being consolidated in certain geographical areas is unknown and remains uncertain.

Our uneven sales cycle makes planning and inventory management difficult and future financial results less predictable.

In some of our segments, our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter's total sales occurs towards the end of the quarter. This uneven sales pattern makes predicting revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in our quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there may be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in each quarter and such orders may be cancelled. Depending on when they occur in a quarter, developments such as a systems failure, component pricing movements, component shortages or global logistics disruptions, could adversely impact our inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected.

We experience some seasonal trends in the sale of our products that also may produce variations in our quarterly results and financial condition. For example, sales to governments (particularly sales to the U.S. government) are often stronger in the third calendar quarter, and many customers whose fiscal year is the calendar year spend their remaining capital budget authorizations in the fourth calendar quarter prior to new budget constraints in the first calendar quarter of the following year. European sales are often weaker during the summer months. Typically, our third fiscal quarter is our weakest and our fourth fiscal quarter is our strongest. Many of the factors that create and affect seasonal trends are beyond our control.

Any failure by us to identify, manage and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business (collectively, ''business combination and investment transactions''). For example, in May 2015, we acquired Aruba Networks, Inc., which provides next-generation network access solutions for mobile enterprise. In May 2016, we completed the sale to Tsinghua Holdings Co., Ltd. (''Tsinghua''), the asset management arm of Tsinghua University in China, of a 51% interest in our wholly owned subsidiary that owns and operates H3C Technologies and our China-based server, storage and technology services businesses for approximately $2.6 billion. See also the risk factors below under the heading ''Risks Related to the Proposed Separation of our Enterprise Services Business and our Software Segment''

Risks associated with business combination and investment transactions include the following, any of which could adversely affect our revenue, gross margin, profitability and financial results:

- Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations.
- We may not fully realize all of the anticipated benefits of any particular business combination and investment transaction, and the timeframe for realizing the benefits of a particular business combination and investment transaction may depend partially upon the actions of employees, advisors, suppliers, other third parties or market trends.
- Certain previous business combination and investment transactions have resulted, and in the future any such transactions by us may result, in significant costs and expenses, including those related to severance pay, early retirement costs, employee benefit costs, charges from the elimination of duplicative facilities and contracts, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans.
- Any increased or unexpected costs, unanticipated delays or failure to meet contractual obligations could make business combination and investment transactions less profitable or unprofitable.

- Our ability to conduct due diligence with respect to business combination and investment transactions, and our ability to evaluate the results of such due diligence, is dependent upon the veracity and completeness of statements and disclosures made or actions taken by third parties or their representatives.
- Our due diligence process may fail to identify significant issues with the acquired company's product quality, financial disclosures, accounting practices or internal control deficiencies.
- The pricing and other terms of our contracts for business combination and investment transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate accurately our costs, timing and other matters or we may incur costs if a business combination is not consummated.
- In order to complete a business combination and investment transaction, we may issue common stock, potentially creating dilution for our existing stockholders.
- We may borrow to finance business combination and investment transactions, and the amount and terms of any potential future acquisition-related or other borrowings, as well as other factors, could affect our liquidity and financial condition.
- Our effective tax rate on an ongoing basis is uncertain, and business combination and investment transactions could adversely impact our effective tax rate.
- An announced business combination and investment transaction may not close on the expected timeframe or at all, which may cause our financial results to differ from expectations in a given quarter.
- Business combination and investment transactions may lead to litigation, which could impact our financial condition and results of operations.
- If we fail to identify and successfully complete and integrate business combination and investment transactions that further our strategic objectives, we may be required to expend resources to develop products, services and technology internally, which may put us at a competitive disadvantage.

We have incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and investment transactions and, to the extent that the value of goodwill or intangible assets acquired in connection with a business combination and investment transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets. For example, for fiscal 2012, we recorded an $8.0 billion impairment charge relating to the goodwill associated with our enterprise services reporting unit within our Enterprise Services segment. In addition, for fiscal 2012, we recorded an $8.8 billion impairment charge relating to the goodwill and intangible assets associated with Autonomy. If there are future sustained decreases in our stock price or significant changes in the business climate or results of operations of our reporting units, we may incur additional charges, which may include goodwill impairment or intangible asset charges.

As part of our business strategy, we regularly evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the achievement of our strategic objectives. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience greater dis-synergies than expected, and the impact of the divestiture on our revenue growth may be larger than projected. After reaching an agreement with a buyer or seller for the acquisition or disposition of a business, we are subject to satisfaction of pre-closing conditions as well as to necessary regulatory and governmental approvals on acceptable terms, which, if not satisfied or obtained, may prevent us from completing the transaction. Dispositions may also involve continued financial involvement in the divested business, such as through continuing equity ownership, guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of our control could affect our future financial results.

Integrating acquisitions may be difficult and time-consuming. Any failure by us to integrate acquired companies, products or services into our overall business in a timely manner could harm our financial results, business and prospects.

In order to pursue our strategy successfully, we must identify candidates for and successfully complete business combination and investment transactions, some of which may be large or complex, and manage post-closing issues such as the integration of acquired businesses, products, services or employees. Integration issues are often time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business and the acquired business. The challenges involved in integration include:

- successfully combining product and service offerings, including under the single new Hewlett Packard Enterprise brand, and entering or expanding into markets in which we are not experienced or are developing expertise;
- convincing customers and distributors that the transaction will not diminish customer service standards or business focus;
- persuading customers and distributors to not defer purchasing decisions or switch to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), minimizing sales force attrition and expanding and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code and business processes;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company’s non-U.S. employees, integrating employees, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from supply chain integration; and
- managing integration issues shortly after or pending the completion of other independent transactions.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

We have announced restructuring plans, including the 2012 Plan and the 2015 Plan (each as defined below), in order to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies that we expect to reduce costs. We may not be able to obtain the cost savings and benefits that were initially anticipated in connection with our restructuring. Additionally, as a result of our restructuring, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees’ time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, including details regarding the 2012 Plan and the 2015 Plan, see Note 3, ‘‘Restructuring’’, to the Consolidated and Combined Financial Statements.

Our financial performance may suffer if we cannot continue to develop, license or enforce the intellectual property rights on which our businesses depend.

We rely upon patent, copyright, trademark, trade secret and other intellectual property laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in the products and services we sell, provide or otherwise use in our operations. However, any of our intellectual property rights could be challenged, invalidated, infringed or circumvented, or such intellectual property rights may not be sufficient to permit us to take advantage of current market trends or to otherwise provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other harm to our competitive position. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use; this, too, could adversely affect our ability to sell products or services and our competitive position.

Our products and services depend in part on intellectual property and technology licensed from third parties.

Much of our business and many of our products rely on key technologies developed or licensed by third parties. For example, many of our software offerings are developed using software components or other intellectual property licensed from third parties, including through both proprietary and open source licenses. These third-party software components may become obsolete, defective or incompatible with future versions of our products, or our relationship with the third party may deteriorate, or our agreements with the third party may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we must carefully monitor and manage our use of third-party software components, including both proprietary and open source license terms that may require the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, including our financial condition and results of operations. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our intellectual property rights or our business may be subject to certain restrictions that were not in place prior to such transaction. Because the availability and cost of licenses from third parties depends upon the willingness of third parties to deal with us on the terms we request, there is a risk that third parties who license to our competitors will either refuse to license us at all, or refuse to license us on terms equally favorable to those granted to our competitors. Consequently, we may lose a competitive advantage with respect to these intellectual property rights or we may be required to enter into costly arrangements in order to terminate or limit these rights.

Third-party claims of intellectual property infringement, including patent infringement, are commonplace in the IT industry and successful third-party claims may limit or disrupt our ability to sell our products and services.

Third parties also may claim that we or customers indemnified by us are infringing upon their intellectual property rights. For example, patent assertion entities may purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from companies such as Hewlett Packard Enterprise and its customers. If we cannot or do not license allegedly infringed intellectual property at all or on reasonable terms, or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that intellectual property claims are without merit, they can be time-consuming and costly to defend against and may divert management's attention and resources away from our business. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable or unwilling to uphold its contractual obligations to us.

The allocation of intellectual property rights that was made between Hewlett Packard Enterprise and HP Inc. as part of the separation of the two entities, and the shared use of certain intellectual property rights following the Separation, could in the future adversely impact our reputation, our ability to enforce certain intellectual property rights that are important to us and our competitive position.

In connection with the Separation, HP Co. allocated to each of Hewlett Packard Enterprise and HP Inc. the intellectual property assets relevant to their respective businesses. The terms of the Separation include cross-licenses and other arrangements to provide for certain ongoing use of intellectual property in the existing operations of both businesses. For example, through a joint brand holding structure, both Hewlett Packard Enterprise and HP Inc. retain the ability to make ongoing use of certain variations of the legacy Hewlett-Packard and HP branding, respectively. As a result of this continuing shared use of the legacy branding there is a risk that conduct or events adversely affecting the reputation of HP Inc. could also adversely affect the reputation of Hewlett Packard Enterprise. In addition, as a result of the allocation of intellectual property as part of the Separation, Hewlett Packard Enterprise no longer has ownership of intellectual property allocated to HP Inc. and our resulting intellectual property ownership position could adversely affect our position and options relating to patent enforcement and patent licensing, our ability to sell our products or services and our competitive position in the industry.

Our business and financial performance could suffer if we do not manage the risks associated with our Enterprise Services business properly.

The success of our ES segment is to a significant degree dependent on our ability to retain our significant services clients and maintain or increase the level of revenues from these clients. We may lose clients due to their merger or acquisition, business failure, contract expiration or their selection of a competing service provider or decision to in-source services. In addition, we may not be able to retain or renew relationships with our significant clients. As a result of business downturns or for other business reasons, we are also vulnerable to reduced processing volumes from our clients, which can reduce the scope of services provided and the prices for those services. We may not be able to replace the revenue and earnings from any such lost clients or reductions in services. In addition, our contracts may allow a client to terminate the contract for convenience, and we may not be able to fully recover our investments in such circumstances.

The pricing and other terms of some of our IT service agreements, particularly our long-term IT outsourcing services agreements, require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these agreements less profitable or unprofitable, which could have an adverse effect on the profit margin of our IT services business.

Some of our IT service agreements require significant investment in the early stages that is expected to be recovered through billings over the life of the agreement. These agreements often involve the construction of new IT systems and communications networks and the development and deployment of new technologies. Substantial performance risk exists in each agreement with these characteristics, and some or all elements of service delivery under these agreements are dependent upon successful completion of the development, construction and deployment phases. Any failure to perform satisfactorily under these agreements may expose us to legal liability, result in the loss of customers and harm our reputation, which could harm the financial performance of our IT services business.

Some of our IT outsourcing services agreements contain pricing provisions that permit a client to request a benchmark study by a mutually acceptable third party. The benchmarking process typically compares the contractual price of our services against the price of similar services offered by other specified providers in a peer comparison group, subject to agreed-upon adjustment and normalization factors. Generally, if the benchmarking study shows that our pricing differs from our peer group outside a specified range, and the difference is not due to the unique requirements of the client, then the parties will negotiate in good faith appropriate adjustments to the pricing. This may result in the reduction of our rates for the benchmarked services performed after the implementation of those pricing adjustments, which could harm the financial performance of our IT services business.

If we do not hire, train, motivate and effectively utilize employees with the right mix of skills and experience in the right geographic regions to meet the needs of our services clients, our financial performance could suffer. For example, if our employee utilization rate is too low, our profitability and the level of engagement of our employees could suffer. 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 a sufficient number of employees with the skills or backgrounds to meet current demand, we might 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 we need 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.

Failure to comply with our customer contracts or government contracting regulations could adversely affect our business and results of operations.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations 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 our government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business. In addition, our former Parent has in the past been, and we may in the future be, subject to qui tam litigation brought by private individuals on behalf of the government relating to our government contracts, which could include claims for treble damages. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended or disbarred from government work, or if our ability to compete for new contracts is adversely affected, our financial performance could suffer.

We make estimates and assumptions in connection with the preparation of our Combined Financial Statements and any changes to those estimates and assumptions could adversely affect our results of operations.

In connection with the preparation of our Combined Financial Statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in the section entitled ''Management's Discussion and Analysis of Financial Condition and Results of Operations.'' In addition, as discussed in Note 17, ''Litigation and Contingencies'', to our Consolidated and Combined Financial Statements, we make certain estimates, including decisions related to provisions for legal proceedings and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our financial performance.

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our tax liabilities are affected by the amounts we charge in intercompany transactions for inventory, services, licenses, funding and other items. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters, and may assess additional taxes as a result. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows. In addition, our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, if circumstances change such that we are unable to indefinitely reinvest our foreign earnings outside the United States, future income tax expense and payments may differ significantly from historical amounts and could materially adversely affect our results of operations. As of October 31, 2016, we had $26.2 billion of undistributed earnings from non-U.S. operations indefinitely reinvested outside of the United States. See Note 6, ''Taxes on Earnings'', to our Consolidated and Combined Financial Statements. The carrying value of our deferred tax assets, which are predominantly in the United States, is dependent on our ability to generate future taxable income in the United States. In addition, there are proposals for tax legislation that have been introduced or that are being considered that could have a significant adverse effect on our tax rate, the carrying value of deferred tax assets, or our deferred tax liabilities. Any of these changes could affect our financial performance.

In order to be successful, we must attract, retain, train, motivate, develop and transition key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, retain, train, motivate, develop and transition qualified executives and other key employees, including those in managerial, technical, development, sales, marketing and IT support positions. Identifying, developing internally or hiring externally, training and retaining qualified executives, engineers, skilled solutions providers in the IT support business and qualified sales representatives are critical to our future, and competition for experienced employees in the IT industry can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash- and equity-based compensation. Our equity-based incentive awards may contain conditions relating to our stock price performance and our long-term financial performance that make the future value of those awards uncertain. If the anticipated value of such equity-based incentive awards does not materialize, if our equity-based compensation otherwise ceases to be viewed as a valuable benefit, if our total compensation package is not viewed as being competitive, or if we do not obtain the stockholder approval needed to continue granting equity-based incentive awards in the amounts we believe are necessary, our ability to attract, retain, and motivate executives and key employees could be weakened.

Our failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations. Further, changes in our management team may be disruptive to our business, and any failure to successfully transition and assimilate key new hires or promoted employees could adversely affect our business and results of operations.

System security risks, data protection breaches, cyberattacks and systems integration issues could disrupt our internal operations or IT services provided to customers, and any such disruption could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including ''bugs'' and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

We manage and store various proprietary information and sensitive or confidential data relating to our business. In addition, our outsourcing services business routinely processes, stores and transmits large amounts of data for our clients, including sensitive and personally identifiable information. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or our customers, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. We also could lose existing or potential customers of outsourcing services or other IT solutions or incur significant expenses in connection with our customers' system failures or any actual or perceived security vulnerabilities in our products and services. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Terrorist acts, conflicts, wars and geopolitical uncertainties may seriously harm our business and revenue, costs and expenses and financial condition and stock price.

Terrorist acts, conflicts or wars (wherever located around the world) may cause damage or disruption to our business, our employees, facilities, partners, suppliers, distributors, resellers or customers or adversely affect our ability to manage logistics, operate our transportation and communication systems or conduct certain other critical business operations. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential conflicts or wars have created many economic and political uncertainties. In addition, as a major multinational company with headquarters and significant operations located in the United States, actions against or by the United States may impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, if they occur, they could result in a decrease in demand for our products, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. We are predominantly uninsured for losses and interruptions caused by terrorist acts, conflicts and wars.

Our business is subject to various federal, state, local and foreign laws and regulations that could result in costs or other sanctions that adversely affect our business and results of operations.

We are subject to various federal, state, local and foreign laws and regulations. For example, we are subject to laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the content of our products and the recycling, treatment and disposal of our products. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations and product take-back legislation. If we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws, we could incur substantial costs or face other sanctions, which may include restrictions on our products entering certain jurisdictions. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage, personal injury claims and clean-up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. The amount and timing of costs to comply with environmental laws are difficult to predict.

In addition, our business is subject to laws addressing privacy and information security. In particular, we face an increasingly complex regulatory environment in our big data offerings as we adjust to new and future requirements relating to the security of our offerings. If we were to violate or become liable under laws or regulations associated with security, we could incur substantial costs or face other sanctions. Our potential exposure includes fines and civil or criminal sanctions, and third-party claims.

Our stock price has fluctuated and may continue to fluctuate, which may make future prices of our stock difficult to predict.

Hewlett Packard Enterprise's stock price, like that of other technology companies, can be volatile. Some of the factors that could affect our stock price are:

- speculation, coverage or sentiment in the media or the investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, effectiveness of cost-cutting efforts, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, future stock price performance, board of directors, executive team, our competitors or our industry in general;
- the announcement of new, planned or contemplated products, services, technological innovations, acquisitions, divestitures or other significant transactions by Hewlett Packard Enterprise or its competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flows, changes in estimates by the investment community or financial outlook provided by Hewlett Packard Enterprise and variations between actual and estimated financial results;
- announcements of actual and anticipated financial results by Hewlett Packard Enterprise's competitors and other companies in the IT industry;
- developments relating to pending investigations, claims and disputes; and
- the timing and amount of share repurchases by Hewlett Packard Enterprise.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to Hewlett Packard Enterprise's performance also may affect the price of Hewlett Packard Enterprise's stock. For these reasons, investors should not rely on recent or historical trends to predict future stock prices, financial condition, results of operations or cash flows. In addition, as discussed in Note 17, ''Litigation and Contingencies'', to the Consolidated and Combined Financial Statements, we are involved in several securities class action litigation matters. Additional volatility in the price of our securities could result in the filing of additional securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

Failure to maintain a satisfactory credit rating could adversely affect our liquidity, capital position, borrowing costs and access to capital markets.

We currently maintain investment grade credit ratings with Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings Services. Despite these investment grade credit ratings, any future downgrades could increase the cost of borrowing under any indebtedness we may incur, reduce market capacity for our commercial paper or require the posting of additional collateral under our derivative contracts. Additionally, increased borrowing costs, including those arising from a credit rating downgrade, can potentially reduce the competitiveness of our financing business. There can be no assurance that we will be able to maintain our credit ratings, and any additional actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, may have a negative impact on our liquidity, capital position and access to capital markets.

Our debt obligations may adversely affect our business and our ability to meet our obligations and pay dividends.

In addition to our current total carrying debt, we may also incur additional indebtedness in the future. This collective amount of debt could have important adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make principal and interest payments;
- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;

- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flows available to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase our common stock.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay our outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of Hewlett Packard Enterprise, which could decrease the trading price of our common stock.

We have provisions in our certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition of Hewlett Packard Enterprise deemed undesirable by our Board of Directors. These include provisions:

- authorizing blank check preferred stock, which we could issue with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- specifying that our stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings;
- requiring advance notice of proposals by our stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors; and
- controlling the procedures for conduct of our Board of Directors and stockholder meetings and election, appointment and removal of our directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of Hewlett Packard Enterprise. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control of Hewlett Packard Enterprise could limit the opportunity for our stockholders to receive a premium for their shares of Hewlett Packard Enterprise stock and also could affect the price that some investors are willing to pay for Hewlett Packard Enterprise stock.

Risks Related to the Proposed Separation of our Enterprise Services Business and our Software Segment

Each of the proposed separation of our Enterprise Services business and subsequent merger with CSC, and the proposed separation of our Software segment and subsequent merger with Micro Focus, may not be consummated as or when planned or at all, and may not achieve the intended benefits.

The proposed separation of each of (i) our Enterprise Services business, including the distribution of the shares of Everett SpinCo. Inc. (the subsidiary to which the Enterprise Services business will be transferred, or ‘‘Everett SpinCo’’) common stock to our stockholders and subsequent merger of a wholly-owned subsidiary of Everett SpinCo with Computer Sciences Corporation (‘‘CSC’’ and such transactions, the ‘‘ES Separation’’) and (ii) our Software segment, including the distribution of the shares of Seattle SpinCo Inc. (the subsidiary to which the Software segment will be transferred, or ''Seattle SpinCo'') common stock to our stockholders and subsequent merger of Seattle SpinCo with a wholly-owned subsidiary of Micro Focus International plc (''Micro Focus'' and such transactions, the ''Software Separation''), may not be consummated as currently contemplated or at all, or may encounter unanticipated delays or other roadblocks, including delays in obtaining necessary regulatory approvals. In addition, either or both of the ES Separation and the Software Separation (together, the ''Business Separations'') could create unanticipated difficulties for our business, including in our Enterprise Services business or relating to our Software segment prior to their consummation. Planning and executing the proposed separation, distribution and subsequent merger for each of the Business Separations will require significant time, effort, and expense, and may divert the attention of our management and employees from other aspects of our business operations, and any delays in the completion of either or both of the proposed Business Separations may increase the amount of time, effort, and expense that we devote to such transactions, which could adversely affect our business, financial condition and results of operations.

There can be no assurance that we will be able to complete either or both of the Business Separations on the terms currently contemplated or at all. Disruptions in general market conditions or in the Enterprise Services business or with respect to our Software segment could affect our ability to complete the Business Separations. The proposed Business Separations are also subject to numerous closing conditions, including, among others, approval of the issuance of the CSC common stock by the requisite vote of CSC's stockholders (in the case of the ES Separation) and approval of the issuance of the Micro Focus ordinary shares by the requisite vote of Micro Focus's shareholders (in the case of the Software Separation); the effectiveness of CSC's registration statement registering the CSC common stock to be issued pursuant to the merger agreement with CSC (in the case of the ES Separation) and the effectiveness of Micro Focus's registration statement registering the Micro Focus American Depositary Shares to be issued pursuant to the merger agreement with Micro Focus (in the case of the Software Separation); the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the receipt of certain required foreign antitrust approvals, and a cash dividend payment to us which is expected to be financed through borrowing, in the case of each of the Business Separations.

In addition, if we complete the proposed Business Separations, there can be no assurance that we will be able to realize the intended benefits of the transactions or that the combined company resulting from either of the Business Separations will perform as anticipated. Specifically, the proposed Business Separations could cause disruptions in our remaining businesses, the Enterprise Services business and CSC's business, or Seattle SpinCo and Micro Focus's business, including by disrupting operations or causing customers to delay or to defer decisions to purchase products, renew contracts, or to end their relationships. Similarly, it is possible that current or prospective employees of, or providing services to, the Enterprise Services business, CSC, the Software segment, or Micro Focus could experience uncertainty about their future roles with the combined companies that will result from each Separation, as applicable, which could harm the ability of the Enterprise Services business, CSC, Seattle SpinCo or Micro Focus to attract and retain key personnel. Any of the foregoing could adversely affect our remaining businesses following the completion of the Business Separations, or the business, financial condition or results of operations of CSC or the Enterprise Services business, or of Micro Focus or the Software segment.

In addition, CSC and the Enterprise Services business or Micro Focus and the Seattle SpinCo could face difficulties in integrating their businesses, or CSC or Micro Focus could face difficulties in its business generally; as a result, our stockholders may not receive benefits or value in excess of the benefits and value that might have been created or realized had we retained the Enterprise Services business or the Software segment, respectively.

The stock distribution in either or both of the Business Separations could result in significant tax liability, and CSC or Micro Focus (as applicable) may in certain cases be obligated to indemnify us for any such tax liability imposed on us.

Each of the Business Separations is conditioned on the receipt of an opinion from outside counsel regarding the qualification of (i) the relevant distribution and related transactions as a ''reorganization'' within the meaning of Sections 368(a), 361 and 355 of the Internal Revenue Code of 1986 (the ''Code''); and (ii) the relevant merger as a ''reorganization'' within the meaning of Section 368(a) of the Code.

Each opinion of outside counsel will be based upon and rely on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of us, Everett SpinCo and CSC, or us, Seattle SpinCo and Micro Focus, as applicable. If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if any party breaches any of its covenants in the relevant separation documents, the relevant opinion of counsel may be invalid and the conclusions reached therein could be jeopardized. Notwithstanding the opinions of counsel, the Internal Revenue Service (the ''IRS'') could determine that either or both of the distributions should be treated as a taxable transaction if it determines that any of the facts, assumptions, representations, statements or undertakings upon which the relevant opinion of counsel was based are false or have been violated, or if it disagrees with the conclusions in the opinion of counsel. An opinion of counsel is not binding on the IRS and there can be no assurance that the IRS will not assert a contrary position.

If the distribution of Everett SpinCo or Seattle SpinCo, as applicable, together with certain related transactions, failed to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, in general, we would recognize taxable gain as if we had sold the stock of Everett SpinCo or Seattle SpinCo, as applicable, in a taxable sale for its fair market value, and our stockholders who receive Everett SpinCo shares or Seattle SpinCo shares in the relevant distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Under the tax matters agreement entered into by us with Everett SpinCo and CSC, and to be entered into by us with Seattle SpinCo and Micro Focus, Everett SpinCo and Seattle SpinCo generally would be required to indemnify us for any taxes resulting from the relevant separation (and any related costs and other damages) to the extent such amounts resulted from (i) certain actions taken by, or acquisitions of capital stock of, Everett SpinCo or Seattle SpinCo, as applicable (excluding actions required by the documents governing the relevant Separation), or (ii) any breach of certain representations and covenants made by Everett SpinCo or Seattle SpinCo, as applicable. Any such indemnity obligations could be material.

Risks Related to the Prior Separation from Former Parent

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Hewlett Packard Enterprise and those who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant tax liabilities, and, in certain circumstances, Hewlett Packard Enterprise could be required to indemnify HP Inc. for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

It was a condition to the distribution that our former Parent receive (i) a private letter ruling from the U.S. Internal Revenue Service (the ''IRS'') and/or one or more opinions from its external tax advisors, regarding certain U.S. federal income tax matters relating to the Separation and related transactions, and (ii) opinions of outside counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. These opinions of outside counsel or other external tax advisors and the IRS private letter ruling were based, among other things, on various facts and assumptions, as well as certain representations, statements and undertakings of HP Co. and Hewlett Packard Enterprise (including those relating to the past and future conduct of HP Co. and Hewlett Packard Enterprise). If, in the future, any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if HP Inc., as successor to HP Co., or Hewlett Packard Enterprise breach any of their respective covenants contained in any of the Separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion, the IRS private letter ruling and/or any tax opinion may be rendered invalid. Accordingly, notwithstanding HP Co.'s receipt of the IRS private letter ruling and/or opinions of counsel or other external tax advisors, the IRS could determine that the distribution and certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, assumptions, representations, statements or undertakings that were included in the request for the IRS private letter ruling or on which any opinion was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and an opinion of outside counsel or other external tax advisor represents the judgment of such counsel or advisor which is not binding on the IRS or any court. Accordingly, notwithstanding receipt by HP Co. of the IRS private letter ruling and the tax opinions referred to above, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, HP Inc., Hewlett Packard Enterprise and HP Co. stockholders who received Hewlett Packard Enterprise common stock in the distribution could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, is found to no longer qualify as a transaction that is generally tax-free under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, HP Inc. would recognize taxable gain as if it has sold the Hewlett Packard Enterprise common stock in a taxable sale for its fair market value and HP Co. stockholders who received shares of Hewlett Packard Enterprise common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Under the tax matters agreement we entered into with HP Inc. in connection with the Separation (the ''Tax Matters Agreement''), we are generally required to indemnify HP Inc. for any taxes resulting from the Separation (and any related costs and other damages) to the extent such amounts resulted from (i) an acquisition of all or a portion of the equity securities or assets of Hewlett Packard Enterprise, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (ii) other actions or failures to act by Hewlett Packard Enterprise or (iii) any of the representations or undertakings of Hewlett Packard Enterprise contained in any of the Separation-related agreements or in the documents relating to the IRS private letter ruling and/or any tax opinion being incorrect or violated. Any such indemnity obligations could be material.

In addition we incurred certain tax costs in connection with the Separation, including non-U.S. tax costs resulting from separations in multiple non-U.S. jurisdictions that do not legally provide for tax-free separations, which may be material.

We may not be able to engage in desirable strategic or capital-raising transactions following the Separation.

To preserve the tax-free treatment of the Separation and the distribution for U.S. federal income tax purposes, for the two year period following the Separation, we are prohibited under the tax matters agreement, except in specific circumstances, from: (i) entering into any transaction pursuant to which all or a portion of the shares of our common stock would be acquired, whether by merger or otherwise, (ii) issuing equity securities beyond certain thresholds, (iii) repurchasing shares of our common stock other than in certain open-market transactions, (iv) ceasing to actively conduct certain of our businesses or (v) taking or failing to take any other action that would prevent the distribution and certain related transactions from qualifying as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit for a period of time our ability to pursue certain strategic transactions, equity issuances or repurchases or other transactions that we may believe to be in the best interests of our stockholders or that might increase the value of our business.

We have limited history of operating as an independent company and we expect to incur increased administrative and other costs following the Separation by virtue of our status as an independent public company. Our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Hewlett Packard Enterprise relating to fiscal years prior to fiscal 2016 in this Form 10-K refers to our business as formerly operated by and integrated with our former Parent, and does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the following factors, among others:

- Prior to the Separation, our business was operated by our former Parent as part of its broader corporate organization, rather than as an independent company. Our former Parent or one of its affiliates performed various corporate functions for us such as legal, treasury, accounting, internal auditing, human resources and corporate affairs, and also provided our IT and other corporate infrastructure. Our historical financial results reflect allocations of corporate expenses from our former Parent for such functions and are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company. Now that the Separation is complete, our costs related to such functions previously performed by HP Co. may increase.

- Historically, when we were integrated with the other businesses of our former Parent, we shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we have entered into certain agreements (including a transition services agreement) with HP Inc. in connection with the Separation, these arrangements may not fully capture the benefits that we enjoyed as a result of being integrated with our former Parent and may result in us paying higher charges than in the past for these services. This could have an adverse effect on our results of operations and financial condition in future periods.
- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of our former Parent. In connection with the Separation, we have entered into certain financing arrangements described under the section entitled ''Description of Material Indebtedness'' as part of our transition to becoming a standalone company. We may in the future need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.
- The cost of capital for our business may be higher than our former Parent's cost of capital prior to the Separation.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a separate company. For additional information about the past financial performance of our business and the basis of presentation of the historical consolidated and combined financial statements of our business, see ''Consolidated and Combined Financial Statements,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the historical Consolidated and Combined Financial Statements and accompanying notes included elsewhere in this Form 10-K.

The Separation and Distribution Agreement that we entered into with our former Parent may limit our ability to compete in certain markets and may impose limitations on our recruiting efforts for a period of time following the Separation.

The Separation and Distribution Agreement includes non-compete provisions pursuant to which we generally agree to not compete with HP Inc. in certain product and service categories that comprise the HP Inc. business, including personal computers and printers, worldwide for three years from the distribution date. Such restrictions are subject to certain exceptions set forth in the Separation and Distribution Agreement. These restrictions may limit our ability to compete in certain markets, and could materially and adversely affect our business, financial condition and results of operations.

Hewlett Packard Enterprise or HP Inc. may fail to perform under the transition services agreement and other transaction agreements executed as part of the Separation, and we may not have necessary systems and services in place when these transaction agreements expire.

In connection with the Separation, Hewlett Packard Enterprise and HP Inc. entered into several agreements, including among others a transition services agreement (the ''Transition Services Agreement''), the Separation and Distribution Agreement, the Tax Matters Agreement, an employee matters agreement (the ''Employee Matters Agreement''), a real estate matters agreement (the ''Real Estate Matters Agreement''), a commercial agreement (the ''Master Commercial Agreement'') and an IT service agreement (the ''Information Technology Service Agreement'' or the ''IT Service Agreement''). The Transition Services Agreement provides for the performance of certain services by each company for the benefit of the other for a transition period after the Separation. The Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement and Real Estate Matters Agreement determine the allocation of assets and liabilities between the companies following the Separation for those respective areas and include any necessary indemnifications related to liabilities and obligations. The Master Commercial Agreement establishes a bilateral relationship between HP Inc. and us for the purchase and sale of commercially available products and services for internal use, incorporation and bundling in OEM products and services, resale to customers and use in the provision of managed services to customers, as well as joint customer pursuits and joint development activities. The IT Service Agreement provides for the performance by one of our subsidiaries of certain application development and maintenance and IT infrastructure services for HP Inc. We rely on HP Inc. to satisfy its performance and payment obligations under these agreements. If HP Inc. is unable to satisfy its obligations under these agreements, including its obligations with respect to the provision of transition services, we could incur operational difficulties or losses that could have a material and adverse effect on our business, financial condition and results of operations.

In addition, if we do not have in place our own systems and services, or if we do not have agreements with other providers of these services in place once certain transition services expire, we may not be able to operate our business effectively and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that HP Inc. provides to us under the Transition Services Agreement. However, we may not be successful in implementing these systems and services or in transitioning from HP Inc.'s systems to our own systems, and may pay more for such systems and services that we pay under the Transition Services Agreement.

The Separation may in the future result in disruptions to, and negatively impact our relationships with, our customers and other business partners. In addition, certain contracts that that needed to be assigned from HP Inc. or its affiliates to Hewlett Packard Enterprise in connection with the Separation and required the consent of the counterparty to such an assignment have not, as yet, and failure to obtain these consents could increase our expenses or otherwise harm our business and financial performance.

Uncertainty related to the Hewlett Packard Enterprise's position post-Separation may lead customers and other parties with which we currently do business or may do business in the future to terminate or attempt to negotiate changes in our existing business relationships, or cause them to consider entering into business relationships with parties other than us. These disruptions could have a material and adverse effect on our businesses, financial condition, results of operations and prospects.

In addition, the Separation and Distribution Agreement provided for the assignment of a number of contracts from HP Inc. or its affiliates to us or our affiliates. A minority of our customer contracts require the contractual counterparty's consent to assignment, a small number of which remain outstanding post-Separation. If we are unable to obtain these consents, we may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to us as part of the Separation. If we are unable to obtain these consents, the loss of these contracts could increase our expenses or otherwise reduce our profitability.

Indemnification liabilities to HP Inc. pursuant to the Separation and Distribution Agreement could materially and adversely affect our business, financial condition, results of operations and cash flows.

The Separation and Distribution Agreement provides for, among other things, indemnification obligations generally designed to make us financially responsible for (i) liabilities primarily associated with our business; (ii) our failure to pay, perform or otherwise promptly discharge any such liabilities or contracts, in accordance with their respective terms, whether prior to, at or after the distribution; (iii) any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by HP Inc. for our benefit, unless related to liabilities primarily associated with the HP Inc. business; (iv) any breach by us of the separation agreement or any of the ancillary agreements or any action by us in contravention of our amended and restated certificate of incorporation or amended and restated bylaws; and (v) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in our registration statement on Form 10 or any other disclosure document that describes the Separation or the distribution or Hewlett Packard Enterprise and its subsidiaries or primarily relates to the transactions contemplated by the Separation and Distribution Agreement, subject to certain exceptions. If we are required to indemnify HP Inc. under the circumstances set forth in the Separation and Distribution Agreement, we may be subject to substantial liabilities.

In connection with the Separation, HP Inc. has indemnified us for certain liabilities. However, there can be no assurance that the indemnity will be sufficient to insure us against the full amount of such liabilities, or that HP Inc.'s ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement and certain other agreements we have entered into with HP Inc., HP Inc. has agreed to indemnify Hewlett Packard Enterprise for certain liabilities. However, third parties could also seek to hold us responsible for any of the liabilities that HP Inc. has agreed to retain, and there can be no assurance that the indemnity from HP Inc. will be sufficient to protect us against the full amount of such liabilities, or that HP Inc. will be able to fully satisfy its indemnification obligations. In addition, HP Inc.'s insurers may attempt to deny us coverage for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from HP Inc. or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our business, financial position, results of operations and cash flows.

We are subject to continuing contingent liabilities as a result of our separation from our former Parent.

As a result of the Separation from our former Parent, there are several significant areas where the liabilities of our former Parent have or may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of the consolidated U.S. federal income tax return group of our former Parent during a taxable period or portion of a taxable period ending on or before the effective date of the distribution is severally liable for the U.S. federal income tax liability of the consolidated U.S. federal income tax return group of our former Parent for that taxable period. Consequently, if HP Inc. is unable to pay the consolidated U.S. federal income tax liability for a pre-Separation period, we could be required to pay the amount of such tax, which could be substantial and in excess of the amount allocated to us under the tax matters agreement.

Potential liabilities may arise due to fraudulent transfer considerations, which would adversely affect our financial condition and results of operations.

In connection with the Separation and distribution, our former Parent undertook several corporate reorganization transactions involving its subsidiaries which, along with the Separation and distribution, may be subject to federal and state fraudulent conveyance and transfer laws. If, under these laws, a court were to determine that, at the time of the Separation and distribution, any entity involved in these reorganization transactions or the Separation and distribution:

- was insolvent;
- was rendered insolvent by reason of the Separation and distribution;
- had remaining assets constituting unreasonably small capital; or
- intended to incur, or believed it would incur, debts beyond its ability to pay these debts as they matured, then the court could void the Separation and distribution, in whole or in part, as a fraudulent conveyance or transfer. The court could then require our stockholders to return to HP Inc. some or all of the shares of Hewlett Packard Enterprise common stock issued in the distribution, or require HP Inc. or Hewlett Packard Enterprise, as the case may be, to fund liabilities of the other company for the benefit of creditors. The measure of insolvency will vary depending upon the jurisdiction whose law is being applied. Generally, however, an entity would be considered insolvent if the fair value of its assets was less than the amount of its liabilities, or if it incurred debt beyond its ability to repay the debt as it matures.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

As of October 31, 2016, we owned or leased approximately 44 million square feet of space worldwide, a summary of the space actively in use by the Company is provided below.

	As of October 31, 2016		
	Owned	Leased	Total
	(Square feet in millions)		
Administration and support	8	16	24
(Percentage)	33%	67%	100%
Core data centers, manufacturing plants, research and development facilities, and warehouse operations	10	5	15
(Percentage)	67%	33%	100%
Total[1]	18	21	39
(Percentage)	46%	54%	100%

[1] Excludes 5 million square feet of vacated space, of which 2 million square feet is leased to third parties.

We believe that our existing properties are in good condition and are suitable for the conduct of our business. Because of the interrelation of our business segments, a majority of these segments use substantially all of the properties described above at least in part, and we retain the flexibility to use each of the properties in whole or in part for each of our segments.

Principal Executive Offices

Our principal executive offices, including our global headquarters, are located at 3000 Hanover Street, Palo Alto, California, 94304, United States of America.

Product Development, Services and Manufacturing

The locations of our major product development, manufacturing, data centers, and Hewlett Packard Labs facilities are as follows:

Americas	*Europe, Middle East, Africa*
Brazil—Sao Paulo	***France***—Grenoble, Lyon
Canada—Markham, Mississauga	***Germany***—Frankfurt
Puerto Rico—Aguadilla	***United Kingdom***—Billingham, Erskine, Norwich, Sunderland
United States—Alpharetta, Andover, Auburn Hills, Austin, Cincinnati, Charlotte, Colorado Springs, Des Moines, Fort Collins, Hockley, Houston, Palo Alto, Plano, Rancho Cordova, Roseville, Suwanee, Tulsa	
Asia Pacific	***Hewlett Packard Labs***
India—Bangalore	***Israel***—Haifa
Japan—Tokyo	***United Kingdom***—Bristol
Singapore—Singapore	***United States***—Palo Alto

ITEM 3. Legal Proceedings.

Information with respect to this item may be found in Note 17, ‘‘Litigation and Contingencies’’, to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 4. Mine Safety Disclosures.

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The common stock of Hewlett Packard Enterprise is listed on the New York Stock Exchange (''NYSE'') with the ticker symbol ''HPE.'' There were 68,146 stockholders of record of Hewlett Packard Enterprise common stock as of November 30, 2016. The high and low common stock sales prices per share for 2016 as follows:

	2016	
Fiscal Quarter	High	Low
First quarter	$15.88	$11.63
Second quarter	$18.55	$12.02
Third quarter	$21.90	$15.38
Fourth quarter	$23.53	$20.63

Dividends declared and paid per share by fiscal quarter in 2016 was as follows:

	2016			
	Q1	Q2	Q3	Q4
Dividends declared	$0.110	$0.055	$0.055	$ —
Dividends paid	$0.055	$0.055	$0.055	$0.055

On November 9, 2016, the Board of Directors increased the regular quarterly cash dividend from $0.055 to $0.065 per share. The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of our Board of Directors. Our Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will continue to pay a dividend in any future period.

Issuer Purchases of Equity Securities

Fourth Quarter of Fiscal 2016	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
	In thousands, except per share amounts			
Month #1 (August 2016)	—	$ —	—	$3,336,730
Month #2 (September 2016)	—	$ —	—	$3,336,730
Month #3 (October 2016)	3,259	$20.72	3,259	$3,336,730
Total	3,259	$20.72	3,259	

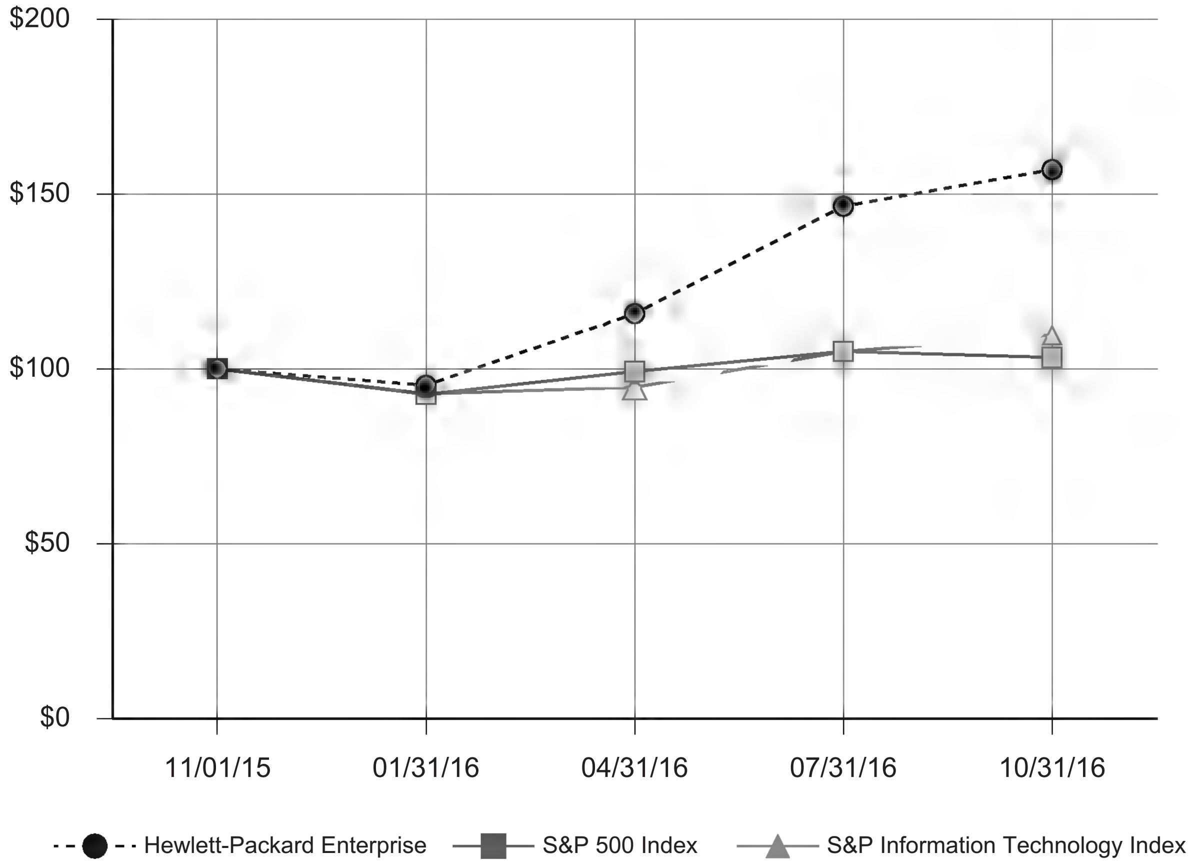
In November 2015 and May 2016, the Company entered into two separate accelerated share repurchase agreements (''ASR Agreements'') with financial institutions, under which the Company paid upfront amounts of $1,075 million and $1,450 million, respectively. In the three months ended July 31, 2016, in relation to the May 2016 ASR Agreement, the Company received a delivery of 80% of the agreement value, which amounted to 144 million shares of the Company's common stock, while the remaining 20% was placed in an unsettled forward contract. The Company retired and recorded a $2.7 billion reduction to stockholders' equity, which comprised both ASR Agreements. During the three months ended October 31, 2016, the unsettled forward contract was settled and the Company received a final delivery of 3.3 million shares of the Company's common stock.

For the twelve months ended October 31, 2016, the total number of shares repurchased under the two ASR Agreements and the Company's open market repurchase activities was 158 million shares, based on the daily volume weighted-average stock price of the Company's common stock during the term of the transactions, plus transaction fees. See Note 15, ''Stockholders' Equity'' to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

On October 13, 2015, the Hewlett Packard Enterprise Board of Directors announced the authorization of a $3.0 billion share repurchase program. On May 24, 2016, the Hewlett Packard Enterprise Board of Directors announced the authorization of an additional $3.0 billion under the Company's share repurchase program. Hewlett Packard Enterprise may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value. These programs, which do not have a specific expiration date, authorize repurchases in the open market or in private transactions. As of October 31, 2016, the Company had a remaining authorization of $3.3 billion for future share repurchases.

Stock Performance Graph and Cumulative Total Return

The graph below shows the cumulative total stockholder return, assuming the investment of $100 at the market close on October 30, 2015 (and the reinvestment of dividends thereafter), in each of HPE common stock, the S&P 500 Index and the S&P Information Technology Index. The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	Fiscal 2016				
	11/2015	1/2016	4/2016	7/2016	10/2016
Hewlett Packard Enterprise	$100.00	$95.30	$115.78	$146.51	$157.00
S&P 500 Index	$100.00	$92.71	$ 99.25	$105.02	$103.27
S&P Information Technology Index	$100.00	$92.88	$ 94.74	$104.96	$109.74

ITEM 6. Selected Financial Data.

The following table presents selected consolidated and combined financial data, which should be read in conjunction with our Consolidated and Combined Financial Statements and accompanying notes and ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' included elsewhere in this Form 10-K. The Statement of Earnings data for each of the three fiscal years ended October 31, 2016, 2015 and 2014, and the Balance Sheet data as of October 31, 2016 and 2015 set forth below are derived from our audited Consolidated and Combined Financial Statements included elsewhere in this Form 10-K. The Statement of Earnings data for the two fiscal years ended October 31, 2013 and 2012, and the Balance Sheet data as of October 31, 2014 and 2013 are derived from our audited Combined and Consolidated Financial Statements that are not included in this Form 10-K. The Balance Sheet data as of October 31, 2012 is derived from our unaudited Combined and Condensed Financial Statements that are not included in this Form 10-K.

Prior to October 31, 2015, the Combined and Consolidated Statements of Earnings for the Company reflect allocations of general corporate expenses from former Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount, or other relevant measures. Management of the Company and former Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

The information set forth below is not necessarily indicative of future results of operations and should be read in conjunction with Item 7, ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' and the Consolidated and Combined Financial Statements and notes thereto included in Item 8, ''Financial Statements and Supplementary Data,'' of this Annual Report on Form 10-K, which are incorporated herein by reference, in order to understand further the factors that may affect the comparability of the financial data presented below.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Selected Financial Data

	For the fiscal years ended October 31,				
	2016	2015	2014	2013	2012
	In millions, except per share amounts				
Statements of Earnings:					
Net revenue	$50,123	$52,107	$55,123	$57,371	$ 61,042
Earnings (loss) from operations[1]	$ 4,150	$ 1,523	$ 2,335	$ 2,952	$(14,139)
Net earnings (loss)[1]	$ 3,161	$ 2,461	$ 1,648	$ 2,051	$(14,761)
Net earnings (loss) per share					
Basic	$ 1.84	$ 1.36	$ 0.91	$ 1.14	$ (8.18)
Diluted	$ 1.82	$ 1.34	$ 0.90	$ 1.12	$ (8.05)
Cash dividends declared per share	$ 0.22	$ —	$ —	$ —	$ —
Basic shares outstanding[2]	1,715	1,804	1,804	1,804	1,804
Diluted shares outstanding[2]	1,739	1,834	1,834	1,834	1,834
Balance Sheets:					
At year-end:					
Total assets[3]	$79,679	$79,916	$64,626	$67,157	$ 69,939
Long-term debt[4]	$12,608	$15,103	$ 485	$ 617	$ 702
Total debt[4]	$16,140	$15,794	$ 1,379	$ 1,675	$ 2,923

[1] Earnings (loss) from operations and net earnings (loss) include the following items:

	2016	2015	2014	2013	2012
			In millions		
Amortization of intangible assets	$ 755	$ 852	$ 906	$ 1,228	$ 1,641
Impairment of goodwill and intangible assets[5]	—	—	—	—	16,808
Restructuring charges	1,236	954	1,471	983	1,756
Acquisition and other related charges	178	89	11	21	35
Separation costs	598	801	—	—	—
Defined benefit plan settlement charges	—	225	—	—	—
Impairment of data center assets	—	136	—	—	—
Gain on H3C and MphasiS divestitures	(2,420)	—	—	—	—
Tax indemnification adjustments[6]	(317)	—	—	—	—
Loss from equity interests[7]	93	—	—	—	—
Total charges before taxes	$ 123	$ 3,057	$ 2,388	$ 2,232	$ 20,240
Adjustments for taxes	(594)	(724)	(510)	(490)	(1,598)
Valuation allowances, net, and separation taxes[8]	—	(1,251)	—	—	—
Tax settlements[6]	647	—	—	—	—
Total charges, net of taxes	$ 176	$ 1,082	$ 1,878	$ 1,742	$ 18,642

[2] For comparative purposes, the number of shares used to compute basic and diluted net earnings per share as of October 31, 2015 is lso used for the calculation of net earnings (loss) per share for prior periods presented.

[3] Total assets increased in fiscal 2015 due to debt issuances and cash transfers from former Parent resulting from our separation capitalization plan.

[4] In fiscal 2015, Total debt increased due to issuances resulting from our separation capitalization plan.

[5] In fiscal 2012, Impairment of goodwill and intangible assets represents a goodwill and intangible asset impairment charge of $8.8 billion associated with the Autonomy reporting unit within the Software segment and a goodwill impairment charge of $8.0 billion associated with the Enterprise Services segment.

[6] In fiscal 2016, Tax indemnification adjustments related to the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, of which $328 million (reported within Tax indemnification adjustments) is indemnified by HP Inc. through the Tax Matters Agreement.

[7] Represents the amortization of the basis difference resulting from the equity method investment in H3C. This amount does not include $32 million of the Company's share of H3C's net income, less $15 million for the elimination of profit on intra-entity sales.

[8] In fiscal 2015, Valuation allowances, net, and separation taxes was due to an income tax benefit of $1.8 billion, resulting from the release of valuation allowances pertaining to certain U.S. deferred tax assets, partially offset by $486 million of tax charges to record valuation allowances on certain foreign deferred tax assets.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations (''MD&A'') is organized as follows:

- *Overview.* A discussion of our business and overall analysis of financial and other highlights affecting the Company to provide context for the remainder of MD&A. The overview analysis compares fiscal 2016 to fiscal 2015.
- *Critical Accounting Policies and Estimates.* A discussion of accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.
- *Results of Operations.* An analysis of our financial results comparing fiscal 2016 and fiscal 2015 to the prior year period. A discussion of the results of operations at the consolidated and combined level is followed by a discussion of the results of operations at the segment level.
- *Liquidity and Capital Resources.* An analysis of changes in our cash flows and a discussion of our financial condition and liquidity.
- *Contractual and Other Obligations.* An overview of contractual obligations, retirement and post-retirement benefit plan funding, restructuring plans, uncertain tax positions, off-balance sheet arrangements, and cross-indemnifications with HP Inc. (formerly known as ''Hewlett-Packard Company'' and also referred to in this Annual Report as ''former Parent'').

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist the reader in understanding our Consolidated and Combined Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Consolidated and Combined Financial Statements. This discussion should be read in conjunction with our Consolidated and Combined Financial Statements and the related notes that appear elsewhere in this document.

On November 1, 2015, HP Inc. spun-off Hewlett Packard Enterprise Company (the ''Separation''). To effect the spin-off, HP Inc. distributed all of the shares of Hewlett Packard Enterprise Company common stock owned by HP Inc. to its shareholders on November 1, 2015. Holders of HP Inc. common stock received one share of Hewlett Packard Enterprise Company stock for every share of HP Inc. stock held as of the record date. As a result of the spin-off, we now operate as an independent, publicly-traded company.

September 2016 Announcement of Spin-Off and Merger of Software Segment

On September 7, 2016, we announced plans to spin-off and merge our Software segment (''Seattle'') with Micro Focus International plc (''Micro Focus''), a global software company dedicated to delivering and supporting enterprise software solutions (collectively, the ''Seattle Transaction''). Our decision will create two businesses that are stronger, more focused and better able to innovate and adapt in today's market, delivering faster outcomes to our customers. The combination of Seattle with Micro Focus will create one of the world's largest pure-play enterprise software companies. Upon the completion of the Seattle Transaction, which is currently targeted to be completed by approximately August 31, 2017, shareholders of Hewlett Packard Enterprise Company will own shares of both Hewlett Packard Enterprise and approximately 50.1% of the new combined company. As of the announcement date, the transaction is expected to deliver approximately $8.8 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This includes an equity stake for HPE shareholders in the new combined company valued at approximately $6.3 billion, which represents approximately 50.1% ownership, and a cash dividend of $2.5 billion to Hewlett Packard Enterprise. Preceding the close of the Seattle Transaction, we expect to incur one-time costs of approximately $700 million to separate the Software segment from Hewlett Packard Enterprise. The Seattle Transaction is subject to certain customary closing conditions, including approval by Micro Focus shareholders, the effective filing of certain registration statements, regulatory approvals, the anticipated tax treatment of the Seattle Transaction, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain required foreign anti-trust approvals.

May 2016 Announcement of Enterprise Services Business Spin-Off and Merger

On May 24, 2016, we announced plans for a tax-free spin-off and merger of our Enterprise Services business (''Everett'') with Computer Sciences Corporation (''CSC'') (collectively, the ''Everett Transaction''). Immediately following the Everett Transaction, which is currently targeted to be completed on or around April 1, 2017, shareholders of Hewlett Packard Enterprise Company will own shares of both Hewlett Packard Enterprise Company and approximately 50.1% of the new combined company. Mr. J. Michael Lawrie, the current head of CSC, will become chairman, president and CEO of the new combined company and Ms. Margaret C. Whitman, President and CEO of HPE, will join the Board of Directors. Other executives and directors will be announced at a later date. As of the announcement date, the Everett Transaction is expected to deliver approximately $8.5 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This includes an equity stake for HPE shareholders in the new company valued at approximately $4.5 billion, which represents approximately 50.1% ownership, a cash dividend of $1.5 billion to Hewlett Packard Enterprise, and the assumption of $2.5 billion of Hewlett Packard Enterprise net debt and other liabilities. Preceding the close of the Everett Transaction, we expect to incur one-time costs of approximately $900 million to separate the Enterprise Services business from Hewlett Packard Enterprise. The majority of these costs will be offset by lower costs associated with the Fiscal 2015 Restructuring Plan. The Everett Transaction is subject to certain customary closing conditions, including approval by CSC shareholders, the effective filing of related registration statements, completion of a tax-free spin-off, Everett debt exchange, the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain required foreign anti-trust approvals.

The following Overview, Results of Operations and Liquidity discussions and analysis compare fiscal 2016 to fiscal 2015 and fiscal 2015 to fiscal 2014, unless otherwise noted. The Capital Resources and Contractual and Other Obligations discussions present information as of October 31, 2016, unless otherwise noted.

For purposes of this MD&A section, we use the terms ''Hewlett Packard Enterprise,'' ''HPE,'' ''the Company,'' ''we,'' ''us,'' and ''our'' to refer to Hewlett Packard Enterprise Company. References in this MD&A section to ''former Parent'' refer to HP Inc.

OVERVIEW

We are an industry leading technology company that enables customers to go further, faster. With the industry's most comprehensive portfolio, spanning the cloud to the data center to workplace applications, our technology and services help customers around the world make information technology (''IT'') more efficient, more productive and more secure. Our legacy dates back to a partnership founded in 1939 by William R. Hewlett and David Packard, and we strive every day to uphold and enhance that legacy through our dedication to providing innovative technological solutions to our customers. We are a global company with customers ranging from small- and medium-sized businesses (''SMBs'') to large global enterprises.

We organize our business into five segments for financial reporting purposes: the Enterprise Group (''EG''), Enterprise Services (''ES''), Software, Financial Services (''FS'') and Corporate Investments. The following provides an overview of our key financial metrics by segment for fiscal 2016, as compared to fiscal 2015:

	HPE Consolidated	Enterprise Group	Enterprise Services	Software	FS	Corporate Investments[3]
	Dollars in millions, except for per share amounts					
Net revenue[1]	$50,123	$27,219	$18,872	$3,195	$3,190	$ 3
Year-over-year change %	(3.8)%	(2.5)%	(4.7)%	(11.8)%	(0.8)%	(57.1)%
Earnings from operations[2]	$ 4,150	$ 3,459	$ 1,457	$ 749	$ 336	$ (348)
Earnings from operations as a % of net revenue	8.3%	12.7%	7.7%	23.4%	10.5%	NM
Year-over-year change percentage points	5.4pts	(1.1)pts	2.6pts	1.6pts	(0.4)pts	NM
Net earnings	$ 3,161					
Net earnings per share						
Basic	$ 1.84					
Diluted	$ 1.82					

[1] HPE consolidated and combined net revenue excludes intersegment net revenue and other.

[2] Segment earnings from operations exclude corporate and unallocated costs and eliminations, stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and other related charges, separation costs, defined benefit plan settlement charges, impairment of data center assets, and gains on the divestitures of H3C and MphasiS.

[3] ''NM'' represents not meaningful.

Net revenue decreased 3.8% (decreased 0.5% on a constant currency basis) in fiscal 2016 as compared to fiscal 2015. The leading contributors to the net revenue decrease were unfavorable currency fluctuations, a net revenue decline in ES due to weak demand across the Europe, Middle East and Africa (''EMEA'') region, a net revenue decline in EG due to lower revenue from the Technology Services (''TS'') business unit and the impact of the H3C divestiture, and lower Software revenue due to divestitures and the transfer of a business to former Parent at the beginning of the fourth quarter of fiscal 2015. Gross margin was 29.2% ($14.6 billion) and 28.7% ($14.9 billion) for fiscal 2016 and 2015, respectively. The 0.5 percentage point increase in gross margin was due primarily to service delivery efficiencies as a result of cost savings associated with our ongoing restructuring programs in ES, partially offset by lower gross margin in Software. We continue to experience gross margin pressures resulting from a competitive pricing environment across our hardware portfolio. Operating margin increased by 5.4 percentage points in fiscal 2016 due primarily to gains associated with the H3C and MphasiS divestitures.

As of October 31, 2016, cash and cash equivalents and short- and long-term investments were approximately $13.0 billion, representing an increase of approximately $2.9 billion from the October 31, 2015 balance of approximately $10.1 billion. The increase in cash and cash equivalents and short- and long-term investments was due primarily to the following factors: cash received from operating cash flows of $5.0 billion, net proceeds from business divestitures of $3.3 billion and a final cash allocation of $0.5 billion from former Parent; partially offset primarily by investments in property, plant and equipment net of sales proceeds of $2.8 billion, cash utilization for share repurchases of $2.7 billion and cash dividend payments of $0.4 billion.

Trends and Uncertainties

We are in the process of addressing many challenges facing our business. One set of challenges relates to dynamic and accelerating market trends, such as the market shift to cloud-related IT infrastructure, software and services, and the growth in software-as-a-service (''SaaS'') business models. Certain of our legacy hardware businesses face challenges as customers migrate to cloud-based offerings and reduce their purchases of hardware products. Additionally, our legacy software business derives a large portion of its revenues from upfront license sales, some of which over time can be expected to shift to SaaS. Another set of challenges relates to changes in the competitive landscape. Our major competitors are expanding their product and service offerings with integrated products and solutions, our business-specific competitors are exerting increased competitive pressure in targeted areas and are entering new markets, our emerging competitors are introducing new technologies and business models, and our alliance partners in some businesses are increasingly becoming our competitors in others. A third set of challenges relates to business model changes and our go-to-market execution.

The macroeconomic weakness we have experienced has moderated in some geographic regions but remains an overall challenge. A discussion of some of these challenges at the segment level is set forth below.

- In EG, we are experiencing challenges due to multiple market trends, including the shift of workloads to cloud deployment models, emergence of software-defined architectures, growth in IT consumption models and a highly competitive pricing environment. In addition, demand for core server products and traditional storage has weakened. The effect of lower traditional compute and storage revenue is impacting support attach opportunities in Technology Services (''TS''). To be successful in overcoming these challenges, we must address business model shifts and optimize go-to-market execution by improving cost structure, aligning sales incentives with strategic goals, improving channel execution, and strengthening our capabilities in our areas of strategic focus, while continuing to pursue new product innovation that builds on our existing capabilities in areas such as cloud and data center computing, software-defined networking, converged storage, high-performance compute, and wireless networking.
- In ES, we are facing challenges, including managing the revenue runoff from several large contracts, weak demand across the EMEA region, particularly the UK public sector business and a competitive pricing environment. We are also experiencing commoditization in the IT infrastructure services market that is placing pressure on traditional infrastructure technology outsourcing (''ITO'') pricing and cost structures. There is also an industry-wide shift to highly automated, asset-light delivery of IT infrastructure and applications leading to headcount consolidation. To continue to be successful in addressing these challenges, we must continue to execute on the ES multi-year turnaround plan, which includes a cost reduction initiative to align our costs to our revenue trajectory, a focus on new logo wins and Strategic Enterprise Services (''SES'') and initiatives to improve execution in sales performance and accountability, contracting practices and pricing. On May 24, 2016, we announced plans for a tax-free spin-off and merger of our Enterprise Services business with Computer Sciences Corporation. For further details, see Item 1, ''Business'', which is incorporated herein by reference.
- In Software, we are facing challenges, including the market shift to SaaS and go-to-market execution challenges. To be successful in addressing these challenges, we must improve our go-to-market execution with multiple product delivery models which better address customer needs and achieve broader integration across our overall product portfolio as we work to capitalize on important market opportunities in cloud, big data and security. On September 7, 2016, we announced plans for a spin-off and merger of our Software segment with Micro Focus International plc. For further details, see Item 1, ''Business'', which is incorporated herein by reference.

To address these challenges, we continue to pursue innovation with a view towards developing new products and services aligned with market demand, industry trends and the needs of our customers and partners. In addition, we need to continue to improve our operations, with a particular focus on enhancing our end-to-end processes and efficiencies. We also need to continue to optimize our sales coverage models, align our sales incentives with our strategic goals, improve channel execution, strengthen our capabilities in our areas of strategic focus, and develop and capitalize on market opportunities.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled ''Risk Factors'' in Item 1A, which is incorporated herein by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

General

The Consolidated and Combined Financial Statements of the Company are prepared in accordance with U.S. Generally Accepted Accounting Principles (''GAAP''), which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Management has discussed the development, selection and disclosure of these estimates with the Audit Committee of HPE's Board of Directors. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates and judgments about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows.

A summary of significant accounting policies is included in Note 1, ''Overview and Summary of Significant Accounting Policies'', to the Consolidated and Combined Financial Statements. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated and Combined Financial Statements.

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured, as well as when other revenue recognition principles are met, including industry-specific revenue recognition guidance.

We enter into contracts to sell our products and services, and while many of our sales agreements contain standard terms and conditions, there are agreements we enter into which contain non-standard terms and conditions. Further, many of our arrangements include multiple elements. As a result, significant contract interpretation may be required to determine the appropriate accounting, including the identification of deliverables considered to be separate units of accounting, the allocation of the transaction price among elements in the arrangement and the timing of revenue recognition for each of those elements.

We recognize revenue for delivered elements as separate units of accounting when the delivered elements have standalone value to the customer. For elements with no standalone value, we recognize revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items and the delivery and performance of the undelivered items is considered probable and substantially within our control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

We establish the selling prices used for each deliverable based on vendor-specific objective evidence (''VSOE'') of selling price, if available, third-party evidence (''TPE''), if VSOE of selling price is not available, or estimated selling price (''ESP''), if neither VSOE of selling price nor TPE is available. We establish VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. ESP is established based on management's judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and industry technology life-cycles. We may modify or develop new go-to-market practices in the future, which may result in changes in selling prices, impacting both VSOE of selling price and ESP. In most arrangements with multiple elements, the transaction price is allocated to the individual units of accounting at inception of the arrangement based on their relative selling price. However, the aforementioned factors may result in a different allocation of the transaction price to deliverables in multiple element arrangements entered into in future periods. This may change the pattern and timing of revenue recognition for identical arrangements executed in future periods, but will not change the total revenue recognized for any given arrangement.

We reduce revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives and expected returns. Future market conditions and product transitions may require us to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. For certain incentive programs, we estimate the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

For hardware products, we recognize revenue generated from direct sales to end customers and indirect sales to channel partners (including resellers, distributors and value-added solution providers) when the revenue recognition criteria are satisfied. For indirect sales to channel partners, we recognize revenue at the time of delivery when the channel partner has economic substance apart from the Company and the Company has completed its obligations related to the sale.

For the various software products we sell (e.g., big data analytics and applications, application testing and delivery management, enterprise security, and IT operations management), we assess whether the software products were sold on a standalone basis or with hardware products. If the software sold with a hardware product is not essential to the functionality of the hardware product and is more-than incidental, we treat it as a software deliverable.

We recognize revenue from the sale of perpetual software licenses at inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. We use the residual method to allocate revenue to software licenses at inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. Revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis is recognized ratably over the period during which such items are delivered.

For hosting or SaaS arrangements, we recognize revenue as the service is delivered, generally on a straight-line basis, over the contractual period of performance. In hosting arrangements, we consider the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement includes the sale of a software license. In hosting arrangements where software licenses are sold, license revenue is generally recognized according to whether perpetual or term licenses are sold, when all other revenue recognition criteria are satisfied.

We recognize revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period. For certain fixed-price contracts, such as consulting arrangements, we recognize revenue as work progresses using a proportional performance method. We estimate the total expected labor costs in order to determine the amount of revenue earned to date. We apply a proportional performance method because reasonably dependable estimates of the labor costs applicable to various stages of a contract can be made. On fixed-price contracts for design and build projects (to design, develop and construct software infrastructure and systems), we recognize revenue as work progresses using the percentage-of-completion method. We use the cost-to-cost method to measure progress toward completion as determined by the percentage of costs incurred to date compared to the total estimated costs of the project. Total project costs are regularly reassessed during the life of a fixed-price contract. Provisions for estimated losses on fixed-price contracts are recognized in the period when such losses become known and are recorded as a component of cost of sales. In circumstances when reasonable and reliable cost estimates for a project cannot be made we recognize revenue using the completed contract method.

Outsourcing services revenue is generally recognized in the period when the service is provided and the amount earned is not contingent on the occurrence of any future event. We recognize revenue using an objective measure of output for per unit-priced contracts. Revenue for fixed-price outsourcing contracts with periodic billings is recognized on a straight-line basis if the service is provided evenly over the contract term. Provisions for estimated losses on outsourcing arrangements are recognized in the period when such losses become probable and estimable and are recorded as a component of cost of sales.

Warranty

We accrue the estimated cost of product warranties at the time we recognize revenue. We evaluate our warranty obligations on a product group basis. Our standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period of time. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, we base our estimated warranty obligation on contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failure outside of our baseline experience. Warranty terms generally range from one to five years for parts and labor, depending upon the product. Over the last three fiscal years, the annual warranty expense has averaged approximately 2.1% of annual net product revenue.

Restructuring

We have engaged in restructuring actions which require management to estimate the timing and amount of severance and other employee separation costs for workforce reduction and enhanced early retirement programs, the fair value of assets made redundant or obsolete, and the fair value of lease cancellation and other exit costs. We accrue for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements. For a full description of our restructuring actions, refer to our discussions of restructuring in ''Results of Operations'' below and in Note 3, ''Restructuring'', to the Consolidated and Combined Financial Statements.

Retirement and Post-Retirement Benefits

Our pension and other post-retirement benefit costs and obligations depend on various assumptions. Our major assumptions relate primarily to discount rates, mortality rates, expected increases in compensation levels and the expected long-term return on plan assets. The discount rate assumption is based on current investment yields of high-quality fixed-income securities with maturities similar to the expected benefits payment period. Mortality rates help predict the expected life of plan participants and are based on a historical demographic study of the plan. The expected increase in the compensation levels assumption reflects our long-term actual experience and future expectations. The expected long-term return on plan assets is determined based on asset allocations, historical portfolio results, historical asset correlations and management's expected returns for each asset class. In any fiscal year, significant differences may arise between the actual return and the expected long-term return on plan assets. Historically, differences between the actual return and expected long-term return on plan assets have resulted from changes in target or actual asset allocation, short-term performance relative to expected long-term performance, and to a lesser extent, differences between target and actual investment allocations, the timing of benefit payments compared to expectations, and the use of derivatives intended to effect asset allocation changes or hedge certain investment or liability exposures.

Our major assumptions vary by plan, and the weighted-average rates used are set forth in Note 4, ''Retirement and Post-Retirement Benefit Plans'', to the Consolidated and Combined Financial Statements, which is incorporated herein by reference. The following table provides the impact changes in the weighted-average assumptions of discount rates, the expected increase in compensation levels and the expected long-term return on plan assets would have had on our net periodic benefit cost for fiscal 2016:

	Change in basis points	Change in Net Periodic Benefit Cost
		In millions
Assumptions:		
Discount rate	(25)	$69
Expected increase in compensation levels	25	$10
Expected long-term return on plan assets	(25)	$42

Taxes on Earnings

For fiscal 2015 and prior, current income tax liabilities related to entities which filed jointly with former Parent are assumed to be immediately settled with former Parent and are relieved through the former Parent company investment account and the Net transfers to former Parent in the Consolidated and Combined Statements of Cash Flows. Income tax expense and other income tax related information contained in our Consolidated and Combined Financial Statements are presented on a separate return basis as if we filed our own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the periods presented. The calculation of our income taxes on a separate return basis required a considerable amount of judgment and use of both estimates and allocations. As of November 1, 2015, Hewlett Packard Enterprise Company was formally separated from former Parent; as such, any current income tax liabilities generated by Hewlett Packard Enterprise will be settled by Hewlett Packard Enterprise and no longer included with tax filings of former Parent.

As of November 1, 2015, we calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in our income tax returns. We will adjust our current and deferred tax provisions based on our tax returns which are generally filed in the third or fourth quarters of the subsequent fiscal year.

We recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which we expect the differences to reverse.

We record a valuation allowance to reduce deferred tax assets to the amount that we are more likely than not to realize. In determining the need for a valuation allowance, we consider future market growth, forecasted earnings, future sources of taxable income, the mix of earnings in the jurisdictions in which we operate, and prudent and feasible tax planning strategies. In the event we were to determine that it is more likely than not that we will be unable to realize all or part of our deferred tax assets in the future, we would increase the valuation allowance and recognize a corresponding charge to earnings or other comprehensive income in the period in which we make such a determination. Likewise, if we later determine that we are more likely than not to realize the deferred tax assets, we would reverse the applicable portion of the previously recognized valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the jurisdictions in which the deferred tax assets are located.

Our effective tax rate includes the impact of certain undistributed foreign earnings for which we have not provided for U.S. federal taxes because we plan to reinvest such earnings indefinitely outside the U.S. We plan distributions of foreign earnings based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and our domestic operations. Based on these assumptions, we estimate the amount we expect to indefinitely invest outside the U.S. and the amounts we expect to distribute to the U.S. and provide for the U.S. federal taxes due on amounts expected to be distributed to the U.S. Further, as a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain jurisdictions is subject to reduced tax rates and, in some cases, is wholly exempt from taxes for fiscal years through 2024. Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact how future earnings are repatriated to the U.S., and our related future effective tax rate.

We are subject to income taxes in the U.S. and approximately 110 other countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that positions taken on our tax returns are fully supported, but tax authorities may challenge these positions, which may not be fully sustained on examination by the relevant tax authorities. Accordingly, our income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgments and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our income tax provision, net income and cash flows. Our accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our international operations, including the allocation of income among different jurisdictions, intercompany transactions and related interest, as well as pre-Separation income tax liabilities of HP Inc. for which the Company is joint and severally liable. For a further discussion on taxes on earnings, refer to Note 6, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements.

Inventory

We state our inventory at the lower of cost or market on a first-in, first-out basis. We make adjustments to reduce the cost of inventory to its net realizable value at the product group level for estimated excess or obsolescence. Factors influencing these adjustments include changes in demand, technological changes, product life-cycle and development plans, component cost trends, product pricing, physical deterioration, and quality issues.

Business Combinations

We allocate the fair value of purchase consideration to the assets acquired, including in-process research and development (''IPR&D''), liabilities assumed, and non-controlling interests in the acquiree generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, we will record a charge for the value of the related intangible asset to our Consolidated and Combined Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of these assets acquired, liabilities assumed and non-controlling interests in the acquiree is recorded as goodwill.

When determining the fair values of assets acquired, liabilities assumed, and non-controlling interests in the acquiree, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth rates and margins, attrition rates, future changes in technology and brand awareness, loyalty and position, and discount rates. Fair value estimates are based on the assumptions management believes a market participant would use in pricing the asset or liability. Amounts recorded in a business combination may change during the measurement period, which is a period not to exceed one year from the date of acquisition, as additional information about conditions existing at the acquisition date becomes available.

Goodwill

We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. We are permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test. We perform a quantitative test for each of our reporting units as part of our annual goodwill impairment test in the fourth quarter of each fiscal year.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2016, our reporting units are consistent with the reportable segments identified in Note 2, ''Segment Information'', to the Consolidated and Combined Financial Statements. In the first step of the goodwill impairment test, we compare the fair value of each reporting unit to its carrying amount. We estimate the fair value of our reporting units using a weighting of fair values derived most significantly from the income approach and, to a lesser extent, the market approach. Under the income approach, we estimate the fair value of a reporting unit based on the present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, we estimate the fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with operating and investment characteristics similar to the reporting unit. We weight the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, we estimate the fair value of a reporting unit using only the income approach. A significant and sustained decline in our stock price could provide evidence of a need to record a goodwill impairment charge. For the Software and Enterprise Services (''ES'') reporting units, the Company primarily utilized their respective spin-off and merger transaction values to estimate fair value.

Estimating the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk adjusted discount rates, future economic and market conditions, and the determination of appropriate comparable publicly traded companies. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to individual reporting units to determine the carrying amount of each reporting unit.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, then we perform the second step of the goodwill impairment test to measure the amount of impairment loss, if any. In the second step, the reporting unit's assets, including any unrecognized intangible assets, liabilities and non-controlling interests are measured at fair value in a hypothetical analysis to calculate the implied fair value of goodwill for the reporting unit in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than its carrying amount, the difference is recorded as an impairment loss.

Our annual goodwill impairment analysis, which we performed as of the first day of the fourth quarter of fiscal 2016, did not result in any impairment charges. The excess of fair value over carrying amount for our reporting units ranged from 13% to approximately 154% of carrying amounts. The Software reporting unit has the lowest excess of fair value over carrying amount at 13%.

In order to evaluate the sensitivity of the estimated fair value of our reporting units in the goodwill impairment test, we applied a hypothetical 10% decrease to the fair value of each reporting unit. Based on the results of this hypothetical 10% decrease all of the reporting units had an excess of fair value over carrying value. As noted above, the fair value of the Software reporting unit was estimated using the amount the Seattle Transaction is expected to deliver to our shareholders on an after-tax basis. A significant and sustained decline in the Micro Focus stock price could provide evidence of a need to record a goodwill impairment charge.

Intangible Assets

We review intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of our finite-lived intangible assets is assessed based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the finite-lived intangible assets are considered to be impaired. The amount of the impairment loss, if any, is measured as the difference between the carrying amount of the asset and its fair value. We estimate the fair value of finite-lived intangible assets by using an income approach or, when available and appropriate, using a market approach.

Equity Method Investments

Investments and ownership interests are accounted for under equity method accounting if we have the ability to exercise significant influence, but do not have a controlling financial interest. We record our interest in the net earnings of equity method investees based on the most recently available financial statements of the investees, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within Loss from equity interests. Profits or losses related to intra-entity sales with our equity method investees are eliminated until realized by us or investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them.

The carrying amount of the investment in equity interests is adjusted to reflect our interest in net earnings, dividends received and other-than-temporary impairments. We review for impairment whenever factors indicate that the carrying amount of the investment might not be recoverable. In such a case, the decrease in value is recognized and charged to earnings in the period the impairment occurs.

Fair Value of Derivative Instruments

We use derivative instruments to manage a variety of risks, including risks related to foreign currency exchange rates and interest rates. We use forwards, swaps and options to hedge certain foreign currency and interest rate exposures. We do not use derivative financial instruments for speculative purposes. At October 31, 2016, the gross notional amount of our derivative portfolio was $35.3 billion. Assets and liabilities related to derivative instruments are measured at fair value, and were $769 million and $228 million, respectively, as of October 31, 2016.

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to the asset or liability being valued. We generally use industry standard valuation models to measure the fair value of our derivative positions. When prices in active markets are not available for an identical asset or liability, we use industry standard valuation models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market based observable inputs, including interest rate curves, Company and counterparty credit risk, foreign currency exchange rates, and forward and spot prices.

For a further discussion of fair value measurements and derivative instruments, refer to Note 11, ''Fair Value'' and Note 12, ''Financial Instruments'', respectively, to the Consolidated and Combined Financial Statements.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits, and environmental matters, which arise in the ordinary course of business. We record a liability when we believe that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. We review these matters at least quarterly and adjust these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other updated information and events, pertaining to a particular case. Based on our experience, we believe that any damage amounts claimed in the specific litigation and contingency matters further discussed in Note 17, ''Litigation and Contingencies'', to the Consolidated and Combined Financial Statements are not a meaningful indicator of our potential liability. Litigation is inherently unpredictable. However, we believe we have valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. We believe we have recorded adequate provisions for any such matters and, as of October 31, 2016, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in our financial statements.

ACCOUNTING PRONOUNCEMENTS

For a summary of recent accounting pronouncements applicable to our Consolidated and Combined Financial Statements, see Note 1, ''Overview and Summary of Significant Accounting Policies'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

RESULTS OF OPERATIONS

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our revenue growth has been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing performance excluding the impact of foreign currency fluctuations, we present the year-over-year percentage change in revenue on a constant currency basis, which assumes no change in foreign currency exchange rates from the prior-year period and doesn't adjust for any repricing or demand impacts from changes in foreign currency exchange rates. This information is provided so that revenue can be viewed without the effect of fluctuations in foreign currency exchange rates, which is consistent with how management evaluates our revenue results and trends. This constant currency disclosure is provided in addition to, and not as a substitute for, the year-over-year percentage change in revenue on a GAAP basis. Other companies may calculate and define similarly labeled items differently, which may limit the usefulness of this measure for comparative purposes.

Results of operations in dollars and as a percentage of net revenue were as follows:

	For the fiscal years ended October 31,					
	2016		2015		2014	
	Dollars	% of Revenue	Dollars	% of Revenue	Dollars	% of Revenue
	Dollars in millions					
Net revenue	$50,123	100.0%	$52,107	100.0%	$55,123	100.0%
Cost of sales	35,507	70.8%	37,168	71.3%	39,486	71.6%
Gross profit	14,616	29.2%	14,939	28.7%	15,637	28.4%
Research and development	2,298	4.6%	2,338	4.5%	2,197	4.0%
Selling, general and administrative	7,821	15.6%	8,025	15.4%	8,717	15.8%
Amortization of intangible assets	755	1.4%	852	1.7%	906	1.7%
Restructuring charges	1,236	2.5%	954	1.8%	1,471	2.7%
Acquisition and other related charges	178	0.4%	89	0.2%	11	—
Separation costs	598	1.2%	797	1.5%	—	—
Defined benefit plan settlement charges	—	—	225	0.4%	—	—
Impairment of data center assets	—	—	136	0.3%	—	—
Gain on H3C and MphasiS divestitures	(2,420)	(4.8)%	—	—	—	—
Earnings from operations	4,150	8.3%	1,523	2.9%	2,335	4.2%
Interest and other, net	(312)	(0.6)%	(51)	(0.1)%	(91)	(0.1)%
Tax indemnification adjustments	317	0.6%	—	—	—	—
Loss from equity interests	(76)	(0.2)%	(2)	—	—	—
Earnings before taxes	4,079	8.1%	1,470	2.8%	2,244	4.1%
(Provision) benefit for taxes	(918)	(1.8)%	991	1.9%	(596)	(1.1)%
Net earnings	$ 3,161	6.3%	$ 2,461	4.7%	$ 1,648	3.0%

Net Revenue

The components of the weighted net revenue change by segment were as follows:

	For the fiscal years ended October 31,	
	2016	2015
	Percentage Points	
Enterprise Services	(1.8)	(4.7)
Enterprise Group	(1.3)	0.3
Software	(0.8)	(0.6)
Financial Services	—	(0.5)
Corporate Investments/Other[1]	0.1	—
Total HPE	(3.8)	(5.5)

[1] Primarily related to the elimination of intersegment net revenue.

Fiscal 2016 compared with Fiscal 2015

In fiscal 2016, total HPE net revenue decreased 3.8% (decreased 0.5% on a constant currency basis). U.S. net revenue increased 3.2% to $19.6 billion, while net revenue from outside of the U.S. decreased 7.8% to $30.5 billion.

From a segment perspective, the primary factors contributing to the change in total Company net revenue are summarized as follows:

- ES net revenue decreased due primarily to unfavorable currency fluctuations, particularly in the EMEA region, revenue runoff in key accounts and the divestiture of MphasiS in fiscal 2016;
- EG net revenue decreased due primarily to unfavorable currency fluctuations and the impact of the H3C divestiture in May 2016, which impacted each of the EG business units, primarily Networking and TS;
- Software net revenue decreased due primarily to business divestitures, unfavorable foreign currency fluctuations, led primarily by weakness in the euro, the impact of the transfer of the marketing optimization product group to former Parent, and ongoing declines in license revenue; and
- FS net revenue decreased due to unfavorable currency fluctuations and lower asset management activity due primarily to lower fixed term renewals.

Fiscal 2015 compared with Fiscal 2014

In fiscal 2015, total HPE net revenue decreased 5.5% (flat on a constant currency basis) as compared to fiscal 2014. U.S. net revenue decreased 3.7% to $19.0 billion, while net revenue from outside of the U.S. decreased 6.5% to $33.1 billion.

From a segment perspective, the primary factors contributing to the change in total Company net revenue are summarized as follows:

- ES net revenue decreased due primarily to unfavorable currency fluctuations, revenue runoff in key accounts and weak growth in new and existing accounts;
- Software net revenue decreased due primarily to unfavorable currency fluctuations and declines in license revenue;
- FS net revenue decreased due to unfavorable currency fluctuations, led primarily by weakness in the euro, and lower asset management activity primarily in customer buyouts; and
- EG net revenue increased due primarily to growth in industry standard servers (''ISS'') and revenue resulting from our acquisition of Aruba in May 2015.

Gross Margin

Fiscal 2016 compared with Fiscal 2015

HPE's gross margin increased by 0.5 percentage points for fiscal 2016 as compared with fiscal 2015. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- ES gross margin increased due primarily to service delivery efficiencies as a result of cost savings associated with our ongoing restructuring programs, including improvements in our headcount mix that resulted in a higher percentage of our headcount in lower cost locations;
- EG gross margin decreased due primarily to unfavorable currency fluctuations, competitive pricing pressures and a decline in TS gross margin due to a lower mix of traditional support solutions;

- FS gross margin increased due to lower bad debt expense, higher margins on remarketing sales and higher portfolio margins due to an increase in average portfolio assets; and
- Software gross margin decreased due primarily to a lower mix in license and support revenue.

Fiscal 2015 compared with Fiscal 2014

HPE's gross margin increased by 0.3 percentage points for fiscal 2015 compared with fiscal 2014. From a segment perspective, the primary factors impacting gross margin performance are summarized as follows:

- ES gross margin increased due primarily to service delivery efficiencies and improving profit performance in under-performing contracts;
- EG gross margin decreased due primarily to a higher revenue mix of ISS products, unfavorable currency fluctuations and competitive pricing;
- FS gross margin decreased due to unfavorable currency fluctuations, lower margins in customer buyouts and lower portfolio margin due to competitive pricing; and
- Software gross margin decreased due to a lower mix of license revenue.

Operating Expenses

Research and Development

R&D expense decreased 2% in fiscal 2016 as compared to fiscal 2015 due primarily to a decrease in R&D expense in the Software segment due to the impact of divestitures in that segment, a decrease in R&D expense in Networking in the EG segment due to the H3C divestiture, and favorable currency fluctuations, partially offset by an increase in R&D expense in Servers within the EG segment. We continue to make investments in our strategic focus areas of cloud, security, big data, and mobility.

R&D expense increased by 6% in fiscal 2015 as compared to fiscal 2014 due primarily to increases in Networking (due in part to the acquisition of Aruba) and Technology Services in the EG segment and in Hewlett Packard Labs, partially offset by favorable currency fluctuations.

Selling, General and Administrative

SG&A expense decreased 3% for fiscal 2016 as compared to fiscal 2015 due primarily to favorable foreign currency fluctuations, lower indirect separation expenses in the current period, gains from business divestitures, and lower expenses in the current period resulting from divestitures, primarily H3C.

SG&A expense decreased 8% for fiscal 2015 as compared to fiscal 2014 due primarily to favorable currency fluctuations and declines in go-to-market costs as a result of lower commissions and productivity initiatives. The decrease was partially offset by higher administrative expenses due to expenses in the period from Aruba and indirect Separation-related activities.

Amortization of Intangible Assets

Amortization expense decreased in fiscal 2016 and 2015 as compared to the prior-year periods, due primarily to certain intangible assets associated with prior acquisitions reaching the end of their respective amortization periods, partially offset in both periods by the addition of intangible assets resulting from the Aruba acquisition.

Restructuring Charges

Restructuring charges increased in fiscal 2016 as compared to fiscal 2015 due primarily to higher charges from the restructuring plan we announced in September 2015 (the ''2015 Plan''), which is in connection with the Separation.

Restructuring charges decreased in fiscal 2015 as compared to fiscal 2014 due primarily to lower charges from the multi-year restructuring plan initially announced in May 2012 (the ''2012 Plan''), partially offset by charges from the 2015 Plan.

Acquisition and Other Related Charges

Acquisition and other related charges increased in fiscal 2016 as compared to fiscal 2015 due primarily to charges resulting from the divestiture of H3C, partially offset by lower charges from the acquisition of Aruba.

Acquisition and other related charges increased in fiscal 2015 as compared to fiscal 2014 due primarily to charges resulting from the acquisition of Aruba, including a non-cash inventory fair value adjustment charge.

Separation Costs

Separation costs include costs resulting from the Separation in fiscal 2015 and costs resulting from the Everett and Seattle transactions.

Separation costs decreased in fiscal 2016 as compared to fiscal 2015 due to lower costs from the Separation, partially offset by costs from the Everett and Seattle transactions. The decline in costs resulting from the Separation was due primarily to lower third-party consulting, contractor fees and other deal execution costs, partially offset by higher marketing and one-time Hewlett Packard Enterprise branding-related expenses. The costs from the Everett and Seattle transactions consist primarily of amounts for third-party consulting expenses.

Separation costs for fiscal 2015 were primarily related to third-party consulting, contractor fees and other incremental costs.

Defined Benefit Plan Settlement Charges

Defined benefit plan settlement charges in fiscal 2015 were related to U.S. defined benefit plan settlement expense and net periodic benefit cost resulting from former Parent's voluntary lump sum program announced in January 2015.

Impairment of Data Center Assets

Impairment of data center assets in fiscal 2015 resulted from our exit from several ES data centers.

Gain on H3C and MphasiS Divestitures

The gain on these divestitures resulted from the sale of 51% of our H3C Technologies and China-based server, storage and technology services businesses and the sale of our equity stake in MphasiS Limited.

Interest and Other, Net

Interest and other, net expense increased by $261 million in fiscal 2016 as compared to fiscal 2015 due primarily to higher interest expense from higher average borrowings and unfavorable currency fluctuations, partially offset by higher interest income.

Interest and other, net expense decreased by $38 million in fiscal 2015 as compared to fiscal 2014 due to lower interest expense from lower average borrowings and a decrease in miscellaneous other expense.

Tax Indemnification Adjustments

Tax indemnification adjustments of $317 million in fiscal 2016 resulted from the potential settlement of certain pre-Separation tax liabilities for which the Company and HP Inc. share joint and several liability, and for which the Company is partially indemnified by HP Inc. under the Tax Matters Agreement.

Loss from Equity Interests

Loss from equity interests primarily represents our 49% interest in a partnership with Tsinghua Holdings in H3C. Loss from equity interests increased by $74 million due to the investment in H3C during fiscal 2016. The loss is primarily the result of the amortization of our interest in the basis difference of $93 million.

Provision for Taxes

Our effective tax rates were 22.5%, (67.4%) and 26.6% in fiscal 2016, 2015 and 2014, respectively. Our effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from our operations in lower tax jurisdictions throughout the world. The jurisdictions with favorable tax rates that had the most significant impact on the Company's effective tax rate in the periods presented include Puerto Rico, China and Singapore. The Company plans to reinvest earnings of these jurisdictions indefinitely outside the U.S., and therefore have not provided for U.S. taxes on those indefinitely reinvested earnings.

In fiscal 2016, we recorded $249 million of net income tax charges related to items unique to the year. These amounts primarily included $714 million of income tax charges related to pre-Separation tax matters, of which $647 million is related to the effect of the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, and $169 million of income tax charges resulting from a gain on H3C divestiture, the effects of which were partially offset by $270 million of income tax benefits on Acquisition and other related charges, and Separation costs, $212 million of income tax benefits on Restructuring charges, and $124 million of income tax benefits resulting from a gain on MphasiS divestiture.

In fiscal 2015, we recorded $1.6 billion of net income tax benefits related to items unique to the year. These amounts primarily included $1.8 billion income tax benefits due to a release of valuation allowances pertaining to certain U.S. deferred tax assets, $447 million of income tax benefits related to restructuring and Separation-related costs, and $131 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by $486 million of tax charges to record valuation allowances on certain foreign deferred tax assets and $217 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

In fiscal 2014, we recorded $113 million of net income tax benefits related to items unique to the year. These amounts included $66 million of income tax benefits related to provision to return adjustments and $35 million of income tax benefits related to state rate changes.

For a reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our provision for taxes, see Note 6, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements.

Segment Information

A description of the products and services for each segment can be found in Note 2, ''Segment Information'', to the Consolidated and Combined Financial Statements, which is incorporated herein by reference. Future changes to this organizational structure may result in changes to the segments disclosed.

In connection with a strategic review of its software business by former Parent prior to the Separation, the marketing optimization software product group, a business which was historically managed by us and is included in our Software segment financial information prior to the fourth quarter of fiscal 2015, was retained by HP Inc. following the Separation. The strategic review determined that these software assets no longer aligned with the software business' strategic charter as they were outside the go-to-market focus of selling to IT departments.

Enterprise Group

	For the fiscal years ended October 31,		
	2016	2015	2014
	Dollars in millions		
Net revenue	$27,219	$27,907	$27,727
Earnings from operations	$ 3,459	$ 3,862	$ 3,909
Earnings from operations as a % of net revenue	12.7%	13.8%	14.1%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31,				
	Net Revenue			Weighted Net Revenue Change Percentage Points	
	2016	2015	2014	2016	2015
	Dollars in millions				
Technology Services	$ 7,160	$ 7,662	$ 8,383	(1.8)	(2.6)
Servers	14,019	14,219	13,401	(0.7)	3.0
Storage	3,065	3,180	3,315	(0.5)	(0.6)
Networking	2,975	2,846	2,628	0.5	0.8
Total Enterprise Group	$27,219	$27,907	$27,727	(2.5)	0.6

Fiscal 2016 compared with Fiscal 2015

EG net revenue decreased 2.5% (increased 0.6% on a constant currency basis) in fiscal 2016. The decrease in EG net revenue was due primarily to unfavorable currency fluctuations led by the euro and the impact of the H3C divestiture in May 2016, which impacted each of the EG business units, primarily Networking and TS. EG continues to experience revenue growth challenges due to market trends, including the shift of workloads to cloud deployment models, emergence of software-defined architectures, growth in IT consumption models, and a highly competitive pricing environment.

TS net revenue decreased 7% due primarily to unfavorable currency fluctuations, the impact of the H3C divestiture and the discontinuation of support service attach revenue from hardware products sold by former Parent. Partially offsetting the TS revenue decline was growth in HPE Data Center Care and HPE Proactive Care support solutions. Servers net revenue decreased 1% due to unfavorable currency fluctuations and a decrease in unit volumes, partially offset by higher average unit prices (''AUPs''). The decrease in unit volumes was primarily in the Tower and Rack product categories within industry standard servers, due to market softness in the enterprise and small and medium business market sectors. The increase in AUPs was experienced across each of the industry standard servers product portfolio, resulting from increased option attach activity. Storage net revenue decreased 4% as a result of unfavorable currency fluctuations and a decline in traditional storage products, the effects of which were partially offset by growth in Converged Storage solutions led by higher revenue from 3PAR All-Flash Array products. Networking net revenue increased 5% due to double-digit revenue growth in wireless local area network (''WLAN'') products, led by Aruba, partially offset by lower revenues resulting from the H3C divestiture.

EG earnings from operations as a percentage of net revenue decreased 1.1% year-over-year as a result of a decrease in gross margin and an increase in operating expenses as percentage of net revenue. The gross margin decrease was due primarily to unfavorable currency fluctuations, competitive pricing pressures and a decline in TS gross margin due to lower mix of traditional support solutions partially offset by improved gross margins in Networking from Aruba and higher option attach rates in Servers. The increase in operating expenses as a percentage of net revenue was due primarily to higher administrative expenses and R&D investments, partially offset by favorable currency fluctuations and the impact of the H3C divestiture.

Fiscal 2015 compared with Fiscal 2014

EG net revenue increased 0.6% (increased 6.2% on a constant currency basis) in fiscal 2015. The increase in EG net revenue was due primarily to growth in Servers and from our acquisition of Aruba in May 2015, partially offset primarily by unfavorable currency impacts led by the euro and a net revenue decline in TS.

Servers net revenue increased 6% as a result of higher AUPs and unit volume growth. The increase in AUP's was across the industry standard servers product portfolio, primarily driven by higher option attach rates for memory, processors and hard drives and a mix shift to high-end new generation HPE ProLiant servers. The unit volume growth was primarily due to shipment increases in rack and density optimized server products. Networking net revenue increased 8% due primarily to revenue from Aruba, which resulted in higher revenue from WLAN products, the effect of which was partially offset by competitive pricing pressures particularly in the China market. Storage net revenue decreased 4% as a result of a decline in traditional storage products, the effect of which was partially offset by growth in Converged Storage solutions from 3PAR StoreServ products, particularly All-flash arrays, and StoreOnce. Business Critical Systems (''BCS'') net revenue decreased 13% largely as a result of contraction in the overall UNIX market. TS net revenue decreased 9% due primarily to a reduction in support for BCS and traditional storage products along with lower revenue from consulting services, the effects of which were partially offset by growth in HPE Data Center Care and HPE Proactive Care support solutions.

In fiscal 2015, EG earnings from operations as a percentage of net revenue decreased by 0.3 percentage points due to a decrease in gross margin partially offset by a decrease in operating expenses as a percentage of net revenue. The decrease in gross margin was due primarily to a higher revenue mix of industry standard servers, unfavorable currency impacts and competitive pricing, the effects of which were partially offset by improved cost management, improved pricing in Storage and a higher gross margin contribution in Networking from Aruba. The decrease in operating expenses as a percentage of net revenue was due primarily to favorable currency impacts, partially offset by expenses in the period from Aruba.

Enterprise Services

	For the fiscal years ended October 31,		
	2016	2015	2014
	Dollars in millions		
Net revenue	$18,872	$19,806	$22,398
Earnings from operations	$ 1,457	$ 1,019	$ 818
Earnings from operations as a % of net revenue	7.7%	5.1%	3.7%

The components of net revenue and the weighted net revenue change by business unit were as follows:

	For the fiscal years ended October 31,				
	Net Revenue			Weighted Net Revenue Change Percentage Points	
	2016	2015	2014	2016	2015
	Dollars in millions				
Infrastructure Technology Outsourcing	$11,425	$12,107	$14,038	(3.4)	(8.6)
Application and Business Services	7,447	7,699	8,360	(1.3)	(3.0)
Total Enterprise Services	$18,872	$19,806	$22,398	(4.7)	(11.6)

Fiscal 2016 compared with Fiscal 2015

ES net revenue decreased 4.7% (decreased 1.4% on a constant currency basis) in fiscal 2016. The net revenue decrease in ES was due primarily to unfavorable currency fluctuations, particularly in EMEA, and weak demand across the EMEA region, particularly the UK Public Sector business, revenue runoff in key accounts, and the divestiture of MphasiS in the fourth quarter of fiscal 2016, partially offset by strength in our SES portfolio, which includes analytics and data management, and security and cloud services, new client signings, and growth in our U.S. Public Sector business and the Asia Pacific and Japan (''APJ'') region. Net revenue in ITO decreased by 6% in fiscal 2016 due primarily to unfavorable currency fluctuations and weakness in the EMEA region, particularly the UK Public Sector business, partially offset by growth in our SES portfolio and new client signings. Net revenue in Application and Business Services (''ABS'') declined by 3% in fiscal 2016, due primarily to unfavorable currency fluctuations and the divestiture of MphasiS in fiscal 2016, partially offset by strength in our SES portfolio, particularly analytics and data management services and growth in the U.S. Public Sector business and APJ region.

ES earnings from operations as a percentage of net revenue increased 2.6 percentage points in fiscal 2016. The increase in operating margin was due to an increase in gross margin and a decrease in operating expenses as a percentage of net revenue. Gross margin increased due primarily to service delivery efficiencies as a result of cost savings associated with our ongoing restructuring programs, including improvements in our headcount cost location mix that resulted in a higher percentage of our headcount in lower cost locations. The decrease in operating expenses as a percentage of net revenue was primarily driven by lower administrative expenses resulting from cost reduction actions and a business divestiture gain.

Fiscal 2015 compared with Fiscal 2014

ES net revenue decreased 11.6% (decreased 5.7% on a constant currency basis) in fiscal 2015. Performance in ES remained challenged by the impact of several large contracts winding down. The net revenue decrease in ES was due primarily to unfavorable currency impacts, revenue runoff in key accounts and weak growth in new and existing accounts, partially offset by growth in our SES portfolio. Net revenue in ITO decreased by 14% in fiscal 2015 due to unfavorable currency impacts, revenue runoff in key accounts and weak growth in new and existing accounts, particularly in EMEA in the first half of fiscal 2015, partially offset by growth in SES revenue in the second half of fiscal 2015. Net revenue in ABS declined by 8% in fiscal 2015, due to unfavorable currency impacts and weak growth in new and existing accounts in the first half of fiscal 2015, partially offset by growth in SES revenue in the second half of fiscal 2015.

ES earnings from operations as a percentage of net revenue increased 1.4 percentage points in fiscal 2015. The increase in operating margin was due to an increase in gross margin and a decrease in operating expenses as a percentage of net revenue. Gross margin increased due primarily to service delivery efficiencies and improving profit performance in underperforming contracts. The decrease in operating expenses as a percentage of net revenue was primarily driven by lower field selling costs, which was due to favorable currency impacts and our sales transformation initiatives.

Software

	For the fiscal years ended October 31,		
	2016	2015	2014
	Dollars in millions		
Net revenue	$3,195	$3,622	$3,933
Earnings from operations	$ 749	$ 788	$ 871
Earnings from operations as a % of net revenue	23.4%	21.8%	22.1%

Fiscal 2016 compared with Fiscal 2015

Software net revenue decreased 11.8% (decreased 9.3% on a constant currency basis) in fiscal 2016. Revenue growth in Software is being challenged by the overall market shift to SaaS solutions and go-to-market sales execution challenges we are addressing as we respond to the market shift. Additionally, as we transform our go-to-market approach, the market shift to SaaS solutions is impacting growth in license and support revenue. In fiscal 2016, net revenue growth was also negatively impacted by a combination of factors led by the transfer of the marketing optimization product group to former Parent which was effective at the beginning of the fourth quarter of fiscal 2015, business divestitures and the impact of unfavorable foreign currency fluctuations across all regions, led primarily by weakness in the euro. As a result, in fiscal 2016, net revenue from licenses, support, professional services, and SaaS decreased by 12%, 14%, 6%, and 7%, respectively.

The decrease in license revenue was due primarily to the market shift to SaaS solutions and related sales execution challenges and, as a result, we experienced lower revenue in IT operations management and enterprise security products. The decrease in license revenue was also attributable to the transfer of the marketing optimization product group to former Parent and the divestiture of the TippingPoint business in the second quarter of fiscal 2016. The decrease in support revenue was due primarily to the transfer of the marketing optimization product group to former Parent, the divestiture of the TippingPoint business, the impact of unfavorable currency fluctuations, led primarily by weakness in the euro, and the decline in license revenue, which has a carry over impact to growth rates in support revenue. Professional services net revenue decreased due primarily to the transfer of the marketing optimization product group to former Parent and the impact of unfavorable currency fluctuations. SaaS net revenue decreased due primarily to the divestiture of the LiveVault business in the fourth quarter of fiscal 2015, partially offset by growth in the IT operations management portfolio.

In fiscal 2016, Software earnings from operations as a percentage of net revenue increased by 1.6 percentage points due primarily to a decrease in operating expenses as a percentage of net revenue, partially offset by a decrease in gross margin. The decrease in operating expenses as a percentage of net revenue was driven primarily by a one-time gain related to the divestiture of the TippingPoint business, lower R&D expenses as a result of business divestitures, lower field selling costs driven by expense management, and the impact of favorable currency fluctuations. The decrease in gross margin was due primarily to a lower mix in support revenue which is a result of the carry over impact of the decline in license revenue.

Fiscal 2015 compared with Fiscal 2014

Software net revenue decreased 7.9% (decreased 4.1% on a constant currency basis) in fiscal 2015. In fiscal 2015, net revenue growth was negatively impacted by foreign currency fluctuations across all regions, led primarily by weakness in the euro, and the impact of the transfer of the marketing optimization product group. In fiscal 2015, net revenue from licenses, support, professional services, and SaaS decreased by 13%, 5%, 9%, and 4%, respectively.

The decrease in license revenue was due primarily to the market shift to SaaS solutions and related sales execution challenges and, as a result, we experienced lower revenue in IT operations management. The decrease in support revenue was due primarily to unfavorable currency impacts, past declines in license revenue and lower revenue due to the transfer of the marketing optimization product group to former Parent effective at the beginning of the fourth quarter of fiscal 2015, partially offset by growth in revenue for security products. Professional services net revenue decreased due primarily to unfavorable currency impacts, our continued focus on higher-margin engagements and, as a result, we experienced a net revenue decrease in big data solutions, partially offset by net revenue growth in security products. SaaS net revenue decreased due primarily to sales execution challenges, which resulted in lower revenue from big data solutions, partially offset by net revenue growth in IT operations management.

In fiscal 2015, Software earnings from operations as a percentage of net revenue decreased by 0.3 percentage points due to a decrease in gross margin and an increase in operating expenses as a percentage of net revenue. The decrease in gross margin was due primarily to a lower mix of license revenue. The increase in operating expenses as a percentage of net revenue was due to the size of the revenue decline. During the period, operating expense declined due primarily to favorable currency impacts and lower SG&A expenses as a result of lower field selling costs driven by an increased focus on expense management.

Financial Services

	For the fiscal years ended October 31,		
	2016	2015	2014
	Dollars in millions		
Net revenue	$3,190	$3,216	$3,498
Earnings from operations	$ 336	$ 349	$ 389
Earnings from operations as a % of net revenue	10.5%	10.9%	11.1%

Fiscal 2016 compared with Fiscal 2015

FS net revenue decreased by 0.8% (increased 2.3% on a constant currency basis) in fiscal 2016 due primarily to unfavorable currency fluctuations and lower asset management activity primarily as a result of lower fixed term renewals, partially offset by higher portfolio revenue due to an increase in average portfolio assets.

FS earnings from operations as a percentage of net revenue decreased by 0.4 percentage points in fiscal 2016 due primarily to an increase in operating expenses as a percentage of revenue, partially offset by an increase in gross margin. The increase in gross margin was the result of lower bad debt expense, higher margins on remarketing sales and higher portfolio margins due to an increase in average portfolio assets, partially offset by lower margins on lease extensions and unfavorable currency fluctuations. Operating expenses as a percentage of net revenue increased primarily as a result of higher IT expenses.

Fiscal 2015 compared with Fiscal 2014

FS net revenue decreased by 8.1% (decreased 1.5% on a constant currency basis) in fiscal 2015 due primarily to unfavorable currency fluctuations led by weakness in the euro and lower asset management activity in customer buyouts.

FS earnings from operations as a percentage of net revenue decreased by 0.2 percentage points in fiscal 2015 due primarily to a decrease in gross margin while operating expense as a percentage of net revenue was flat in fiscal 2015 as compared to fiscal 2014. The decrease in gross margin was due to unfavorable currency fluctuations, lower margins in customer buyouts and lower portfolio margins due to competitive pricing, the effects of which were partially offset by higher margins from asset recovery services. Operating expense as a percentage of net revenue was flat as a result of lower SG&A expenses due primarily to lower field selling costs, the effects of which were offset by size of the revenue decline.

Financing Volume

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Total financing volume	$6,478	$6,504	$6,425

New financing volume, which represents the amount of financing provided to customers for equipment and related software and services, including intercompany activity, decreased 0.4% in fiscal 2016 and increased 1.2% in fiscal 2015, respectively. The decrease in fiscal 2016 was primarily driven by unfavorable currency fluctuations, partially offset primarily by higher financing associated with third-party product sales and related services offerings. The increase in fiscal 2015 was driven by higher financing associated with Company product sales and related services offerings, partially offset by unfavorable currency fluctuations, led by weakness in the euro.

Portfolio Assets and Ratios

The FS business model is asset intensive and uses certain internal metrics to measure its performance against other financial services companies, including a segment balance sheet that is derived from our internal management reporting system. The accounting policies used to derive FS amounts are substantially the same as those used by the Company. However, intercompany loans and certain accounts that are reflected in the segment balances are eliminated in our Consolidated and Combined Financial Statements.

The portfolio assets and ratios derived from the segment balance sheets for FS were as follows:

	As of October 31,	
	2016	2015
	Dollars in millions	
Financing receivables, gross	$ 6,950	$ 6,655
Net equipment under operating leases	3,333	2,915
Capitalized profit on intercompany equipment transactions[1]	612	853
Intercompany leases[1]	2,057	1,990
Gross portfolio assets	12,952	12,413
Allowance for doubtful accounts[2]	89	95
Operating lease equipment reserve	45	58
Total reserves	134	153
Net portfolio assets	$12,818	$12,260
Reserve coverage	1.0%	1.2%
Debt-to-equity ratio[3]	7.0x	7.0x

[1] Intercompany activity is eliminated in consolidation.

[2] Allowance for doubtful accounts for financing receivables includes both the short- and long-term portions.

[3] Debt benefiting FS consists of intercompany equity that is treated as debt for segment reporting purposes, intercompany debt and borrowing- and funding-related activity associated with FS and its subsidiaries. Debt benefiting FS totaled $11.4 billion and $10.7 billion at October 31, 2016 and October 31, 2015, respectively, and was determined by applying an assumed debt-to-equity ratio, which management believes to be comparable to that of other similar financing companies. FS equity at October 31, 2016 and October 31, 2015 was $1.6 billion and $1.5 billion, respectively.

At October 31, 2016 and October 31, 2015, FS cash and cash equivalents and short-term investments were $788 million and $589 million, respectively.

Net portfolio assets at October 31, 2016 increased 4.6% from October 31, 2015. The increase generally resulted from new financing volume in excess of portfolio runoff.

FS bad debt expense includes charges to reserves for sales-type, direct-financing and operating leases. FS recorded net bad debt expense of $23 million, $46 million and $40 million in fiscal 2016, 2015 and 2014, respectively.

Corporate Investments

	For the fiscal years ended October 31,		
	2016	2015	2014
	Dollars in millions		
Net revenue	$ 3	$ 7	$ 4
Loss from operations	$(348)	$(423)	$(245)
Loss from operations as a % of net revenue[1]	NM	NM	NM

[1] ''NM'' represents not meaningful.

Corporate Investments net revenue decreased by 57% for fiscal 2016 and increased by 75% for fiscal 2015, as compared to the prior year periods. Net revenue primarily represents IP-related royalty revenue and residual activity from certain cloud-related incubation projects.

Corporate Investments loss from operations decreased by 18% for fiscal 2016 and increased by 73% for fiscal 2015, as compared to the prior year periods. The decline in loss from operations for fiscal 2016 was due to lower spending on certain cloud-related incubation activities and lower expenses in HP Labs. The increase in loss from operations for fiscal 2015 was due primarily to higher expenses associated with cloud-related incubation activities and HP Labs.

LIQUIDITY AND CAPITAL RESOURCES

We use cash generated by operations as our primary source of liquidity. We believe that internally generated cash flows will be generally sufficient to support our operating businesses, capital expenditures, restructuring activities, remaining separation costs, divestiture transactions, maturing debt, interest payments, income tax payments, and the payment of future stockholder dividends, in addition to any future investments and any future share repurchases. We expect to supplement this short-term liquidity, if necessary, by accessing the capital markets and borrowing under credit facilities made available by various domestic and foreign financial institutions. However, our access to capital markets may be constrained and our cost of borrowing may increase under certain business, market and economic conditions. For example, under the Tax Matters Agreement entered into in connection with the Separation, we will generally be prohibited, except in specific circumstances, from issuing equity securities beyond certain thresholds for a two year period following the Separation. Our liquidity is subject to various risks including the risks identified in the section entitled ''Risk Factors'' in Item 1A and market risks identified in the section entitled ''Quantitative and Qualitative Disclosures about Market Risk'' in Item 7A, each of which is incorporated herein by reference.

Our cash balances are held in numerous locations throughout the world, with a substantial amount held outside of the U.S. We utilize a variety of planning and financing strategies in an effort to ensure that our worldwide cash is available when and where it is needed. Our cash position is strong and we expect that our cash balances, anticipated cash flow generated from operations and access to capital markets will be sufficient to cover our expected near-term cash outlays.

Amounts held outside of the U.S. are generally utilized to support non-U.S. liquidity needs, although a portion of those amounts may from time to time be subject to short-term intercompany loans into the U.S. Most of the amounts held outside of the U.S. could be repatriated to the U.S. but, under current law, some would be subject to U.S. federal income taxes, less applicable foreign tax credits. Repatriation of some foreign earnings is restricted by local law. Except for foreign earnings that are considered indefinitely reinvested outside of the U.S., we have provided for the U.S. federal tax liability on these earnings for financial statement purposes. Repatriation could result in additional income tax payments in future years. Where local restrictions prevent an efficient intercompany transfer of funds, our intent is that cash balances would remain outside of the U.S. and we would meet liquidity needs through ongoing cash flows, external borrowings, or both. We do not expect restrictions or potential taxes incurred on repatriation of amounts held outside of the U.S. to have a material effect on our overall liquidity, financial condition or results of operations.

On October 13, 2015, our Board of Directors authorized a $3.0 billion share repurchase program. On May 24, 2016, the Board of Directors authorized an additional $3.0 billion under the share repurchase program. The number of shares that we repurchase under the share repurchase program may vary depending on numerous factors, including share price, liquidity and other market conditions, our ongoing capital allocation planning, levels of cash and debt balances, other demands for cash, such as acquisition activity, general economic or business conditions, and board and management discretion. Additionally, our share repurchase activity, if any, during any particular period may fluctuate. We may commence, accelerate, suspend, delay, or discontinue any share repurchase activity at any time, without notice. These programs do not have a specific expiration date.

In fiscal 2016, we repurchased an aggregate of $2.7 billion as a result of our share repurchase program. The aggregate amount includes $2.5 billion repurchased under accelerated share repurchase agreements (''ASR Agreements'') with financial institutions, with the remainder being open market repurchases. For more information on our ASR Agreements, refer to Note 15, ''Stockholders' Equity'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

In December 2015, in connection with the Separation and Distribution Agreement, we received a final cash allocation of approximately $526 million from former Parent. The cash allocation was based on our projected cash requirements in light of the intended investment grade credit rating, business plan and anticipated operations and activities.

In fiscal 2016, we completed a total of five divestitures resulting in $3.4 billion of net proceeds, of which $25 million represents a deposit that was received in the fourth quarter of fiscal 2015. The proceeds from the divestitures primarily consisted of the sale of our controlling interest in H3C and the sale of MphasiS.

Our joint partnership agreement with Tsinghua Holdings to create a Chinese provider of technology infrastructure, H3C, was executed in May 2016 for $2.6 billion in net proceeds. Under the definitive agreement, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of the new business named H3C, which is comprised of our former H3C Technologies and China-based server, storage and technology services businesses. The sale of our full equity stake in MphasiS, an IT services provider headquartered in Bangalore, India, to The Blackstone Group, was completed in September 2016 and resulted in net proceeds of $0.6 billion.

On May 24, 2016, we announced plans for a tax-free spin-off and merger of our Enterprise Services business with CSC, which will create a pure-play, global IT services company. The transaction, which is currently targeted to be completed on or around April 1, 2017, is expected to deliver, as of the announcement date, approximately $8.5 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This amount includes an equity stake for Hewlett Packard Enterprise shareholders in the new combined company valued at approximately $4.5 billion, which represents approximately 50.1% ownership, a cash dividend payment of $1.5 billion to Hewlett Packard Enterprise, and the assumption of $2.5 billion of Hewlett Packard Enterprise net debt and other liabilities. Preceding the close of the transaction, we expect to incur one-time costs of approximately $900 million to separate the Enterprise Services business from Hewlett Packard

Enterprise. The majority of these costs will be offset by lower costs associated with our Fiscal 2015 Restructuring Plan.

In association with our plan for a tax-free spin-off and merger of our Enterprise Services business with CSC, there will be a transfer of unfunded pension liabilities for certain pension plans to our Enterprise Services business. As of October 31, 2016, the transfer is targeted to be completed on or around April 1, 2017. The approximate net pension liability to be transferred is pursuant to the transaction agreements, wherein we are expected to fund the transferred net pension liability in excess of $570 million. We currently estimate the total funding amount to be in the range of $2.0 billion to $3.0 billion. While the exact amount will not be known until the transaction completion date, in December 2016 we made initial funding payments of $1.9 billion.

On September 7, 2016, we announced plans for a spin-off and merger of our Software segment with Micro Focus, which will create a pure-play enterprise software company. Upon the completion of the transaction, which is currently anticipated to close by approximately August 31, 2017, the transaction is expected to deliver, as of the announcement date, approximately $8.8 billion to the shareholders of Hewlett Packard Enterprise on an after-tax basis. This includes an equity stake for Hewlett Packard Enterprise shareholders in the new combined company valued at approximately $6.3 billion, which represents approximately 50.1% ownership and a cash dividend payment of $2.5 billion to Hewlett Packard Enterprise. Preceding the close of the transaction, we expect to incur one-time costs of approximately $700 million to separate the Software segment from Hewlett Packard Enterprise.

Liquidity

Our cash and cash equivalents, total debt and available borrowing resources were as follows:

	As of October 31,		
	2016	2015	2014
		In millions	
Cash and cash equivalents	$12,987	$ 9,842	$2,319
Total debt	$16,140	$15,794	$1,379
Available borrowing resources	$ 6,058	$ 6,166	$ —

Our key cash flow metrics were as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Net cash provided by operating activities	$ 4,958	$ 3,661	$ 6,911
Net cash provided by (used in) investing activities	419	(5,413)	(2,974)
Net cash (used in) provided by financing activities	(2,232)	9,275	(3,800)
Net increase in cash and cash equivalents	$ 3,145	$ 7,523	$ 137

Operating Activities

Net cash provided by operating activities increased by $1.3 billion for fiscal 2016 as compared to fiscal 2015 due primarily to the impact of a 17 day improvement in the cash conversion cycle, as compared to a four day cash conversion cycle improvement in fiscal 2015, and lower separation payments in the current fiscal period. Net cash provided by operating activities decreased by $3.3 billion for fiscal 2015 as compared to fiscal 2014 due primarily to the impact of a four day reduction in the cash conversion cycle in fiscal 2015, as compared to a 13 day reduction in the cash conversion cycle in fiscal 2014.

Our key working capital metrics were as follows:

	As of October 31,		
	2016	2015	2014
Days of sales outstanding in accounts receivable	50	57	54
Days of supply in inventory	18	21	17
Days of purchases outstanding in accounts payable	(62)	(55)	(44)
Cash conversion cycle	6	23	27

Days of sales outstanding in accounts receivable (''DSO'') measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average of net revenue. For fiscal 2016 as compared to the prior-year period, the decrease in DSO was due to favorable early payment linearity and strong credit and collections management. For fiscal 2015 as compared to the prior-year period, the increase in DSO was due to unfavorable payment linearity and longer standard payment terms for Aruba.

Days of supply in inventory (''DOS'') measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average of cost of goods sold. For fiscal 2016 as compared to the prior-year period, the decrease in DOS was due to lower inventory to support expected service levels, including key commodity buffer management. For fiscal 2015 as compared to the prior-year period, the increase in DOS was due to higher inventory to support service levels.

Days of purchases outstanding in accounts payable (''DPO'') measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average of cost of goods sold. For fiscal 2016, as compared to the prior-year period, the increase in DPO was due primarily to an extension of payment terms with our product suppliers and favorable purchasing linearity. For fiscal 2015 as compared to the prior-year period, the increase in DPO was primarily the result of an extension of payment terms with our suppliers.

The cash conversion cycle is the sum of DSO and DOS less DPO. Items which may cause the cash conversion cycle in a particular period to differ include, but are not limited to, changes in business mix, changes in payment terms, the extent of receivables factoring, seasonal trends, and the timing of revenue recognition and inventory purchases within the period.

Investing Activities

Net cash provided by investing activities was $0.4 billion in fiscal 2016 due primarily to net proceeds of $3.3 billion from business divestitures, partially offset by $2.8 billion of investments in property, plant and equipment, net of proceeds from sales. Net cash used in investing activities increased by $2.4 billion in fiscal 2015 as compared to fiscal 2014 due primarily to the acquisition of Aruba.

Financing Activities

Net cash used in financing activities was $2.2 billion in fiscal 2016 due primarily to cash utilization for repurchases of common stock and dividend payments. Cash flow from financing activities for fiscal 2015 and 2014 primarily represents net transfers from (to) former Parent and net payments on debt. As cash and the financing of our operations during those periods have historically been managed by former Parent, the components of net transfers from (to) former Parent include cash transfers from us to former Parent and payments by former Parent to settle our obligations. These transactions are considered to be effectively settled for cash at the time the transaction is recorded.

Capital Resources

Debt Levels

	As of October 31,		
	2016	2015	2014
	Dollars in millions		
Short-term debt	$ 3,532	$ 691	$894
Long-term debt	$12,608	$15,103	$485
Weighted-average interest rate	3.5%	3.0%	2.6%

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, our cost of capital, and targeted capital structure.

Outstanding borrowings increased to $16.1 billion as of October 31, 2016, as compared to $15.8 billion at October 31, 2015, bearing weighted-average interest rates of 3.5% and 3.0%, respectively. During fiscal 2016, we issued $9.3 billion and repaid $9.0 billion of commercial paper.

There are two tranches of Senior Notes scheduled to mature in October 2017 with an aggregate face value of $2.6 billion. We expect to refinance these notes to the extent they are not retired during fiscal 2017 in connection with the Everett Transaction. For more information on our borrowings, see Note 13, ''Borrowings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

In connection with our separation capitalization plan, on October 9, 2015 we completed our offering of $14.6 billion of aggregate principal amount of Senior Notes. As intended, net proceeds of $14.5 billion from the Senior Notes offering were distributed to HP Inc. to redeem or repurchase certain of our outstanding notes and to facilitate the separation of Hewlett Packard Enterprise from HP Inc. On November 23, 2016, we launched an offer to exchange new registered notes for all of the outstanding $14.6 billion of unregistered Senior Notes. The terms of the new notes in the exchange offer are substantially identical to the terms of the outstanding unregistered Senior Notes, except that the new notes will be registered under the Securities Act, and certain transfer restrictions, registration rights and additional interest provisions relating to the outstanding Senior Notes do not apply to the new notes.

Our weighted-average interest rate reflects the effective interest rate on our borrowings prevailing during the period and reflects the effect of interest rate swaps. For more information on our interest rate swaps, see Note 12, ''Financial Instruments'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

For fiscal 2014, debt levels reflect only those debt balances which were the legal obligation of the subsidiaries comprising the businesses of the Company. For more information on our borrowings, see Note 13, ''Borrowings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

Revolving Credit Facility

On November 1, 2015, we entered into a revolving credit facility (the ''Credit Agreement''), together with the lenders named therein, JPMorgan Chase Bank, N.A. (''JPMorgan''), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of $4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to the satisfaction of certain conditions, by up to two, one-year periods. Commitment fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating.

Available Borrowing Resources

As of October 31, 2016, we had the following resources available to obtain short- or long-term financing if we need additional liquidity:

	As of October 31, 2016
	In millions
Commercial paper programs	$4,174
Uncommitted lines of credit	$1,884

For more information on our available borrowings resources, see Note 13, ''Borrowings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

CONTRACTUAL AND OTHER OBLIGATIONS

Our contractual and other obligations as of October 31, 2016, were as follows:

		Payments Due by Period			
	Total	1 Year or Less	1-3 Years	3-5 Years	More than 5 Years
			In millions		
Principal payments on long-term debt[1]	$15,280	$2,775	$2,988	$3,059	$ 6,458
Interest payments on long-term debt[2]	5,597	552	888	714	3,443
Operating lease obligations (net of sublease rental income)	2,221	521	743	409	548
Purchase obligations[3]	1,798	537	948	297	16
Capital lease obligations (includes interest)	2	2	—	—	—
Total[4][5][6][7]	$24,898	$4,387	$5,567	$4,479	$10,465

[1] Amounts represent the principal cash payments relating to our long-term debt and do not include any capital lease obligations, fair value adjustments, discounts or premiums.

[2] Amounts represent the expected interest payments relating to our long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of changing fixed interest rates associated with some of our U.S. Dollar Senior Notes to variable interest rates. The impact of our outstanding interest rate swaps at October 31, 2016 was factored into the calculation of the future interest payments on long-term debt.

[3] Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are related principally to software maintenance and support services and other items. Purchase obligations exclude agreements that are cancelable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust terms based on our business needs prior to the delivery of goods or performance of services.

[4] In fiscal 2017, HPE anticipates making contributions of $348 million to its non-U.S. pension plans, expects to pay benefits of $2 million to its U.S. non-qualified pension plan participants and expects to pay claims of $3 million under its post-retirement benefit plans. These amounts do not include pension funding we are obligated to make related to the spin-off and merger of the Enterprise Services business with CSC. Our policy is to fund our pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. Expected contributions and payments to our pension and post-retirement benefit plans are excluded from the contractual obligations table because they do not represent contractual cash outflows, as they are dependent on numerous factors

which may result in a wide range of outcomes. In connection with the Company's plan for a tax-free spin-off and merger of its Enterprise Services business with CSC, there will be a transfer of unfunded pension liabilities for certain pension plans to the Company's Enterprise Services business. As of October 31, 2016, the transfer is targeted to be completed on or around April 1, 2017. The approximate net pension liability to be transferred is pursuant to the transaction agreements, wherein the Company is obligated to fund the transferred net pension liability in excess of $570 million. The Company currently estimates the total funding amount to be in the range of $2.0 billion to $3.0 billion. While the exact amount will not be known until the transaction completion date, in December 2016 the Company made initial funding payments of $1.9 billion. For more information on our retirement and post-retirement benefit plans, see Note 4, ''Retirement and Post-Retirement Benefit Plans'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

[5] As of October 31, 2016 we expect future cash payments of approximately $1.9 billion in connection with our approved restructuring plans, which include $0.7 billion expected to be paid in fiscal 2017 and $1.2 billion expected to be paid through fiscal 2021. Payments for restructuring have been excluded from the contractual obligations table, because they do not represent contractual cash outflows and there is uncertainty as to the timing of these payments. For more information on our restructuring activities, see Note 3, ''Restructuring'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

[6] As of October 31, 2016, we had approximately $3.9 billion of recorded liabilities and related interest and penalties pertaining to uncertain tax positions. These liabilities and related interest and penalties include $13 million expected to be paid within one year. For the remaining amount, we are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. Payments of these obligations would result from settlements with taxing authorities. For more information on our uncertain tax positions, see Note 6, ''Taxes on Earnings'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

[7] In connection with the Separation, the Company entered into a Separation and Distribution Agreement with HP Inc., effective November 1, 2015, whereby the Company agreed to indemnify HP Inc., each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Separation. HP Inc. similarly agreed to indemnify the Company, each of its subsidiaries and each of their respective directors, officers and employees from and against all claims and liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP Inc. as part of the Separation. Additionally, in connection with the Separation, the Company entered into a Tax Matters Agreement (the ''Tax Matters Agreement'') with HP Inc., effective November 1, 2015, that governs the rights and obligations of the Company and HP Inc. for certain pre-Separation tax liabilities. The Tax Matters Agreement provides that the Company and HP Inc. will share certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to the Company and HP Inc.'s U.S. and certain non-U.S. income tax returns. For more information on our General Cross-indemnification and Tax Matters Agreement and Other Income Tax Matters with HP Inc., see Note 18, ''Guarantees, Indemnifications and Warranties'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

OFF-BALANCE SHEET ARRANGEMENTS

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

We have third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. For more information on our third-party revolving short-term financing arrangements, see Note 7, ''Balance Sheet Details'', to the Consolidated and Combined Financial Statements in Item 8, which is incorporated herein by reference.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate and interest rate risks that could impact our financial position and results of operations. Our risk management strategy with respect to these market risks may include the use of derivative financial instruments. We use derivative contracts only to manage existing underlying exposures. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair value for each of these exposures is outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of foreign currency exchange rate and interest rate movements and our actual exposures and derivatives in place at the time of the change, as well as the effectiveness of the derivative to hedge the related exposure.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases, and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in approximately 70 currencies worldwide, of which the most significant foreign currencies to our operations for fiscal 2016 were the euro, British pound, Chinese yuan (renminbi), and Japanese yen. For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver of the foreign currency, a weaker U.S. dollar may adversely affect certain expense figures, if taken alone.

We use a combination of forward contracts and, from time to time, options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. In addition, when debt is denominated in a foreign currency, we may use swaps to exchange the foreign currency principal and interest obligations for U.S. dollar-denominated amounts to manage the exposure to changes in foreign currency exchange rates. We also use other derivatives not designated as hedging instruments, consisting primarily of forward contracts, to hedge foreign currency balance sheet exposures. Alternatively, we may choose not to hedge the risk associated with our foreign currency exposures, primarily if such exposure acts as a natural hedge for offsetting amounts denominated in the same currency or if the currency is too difficult or too expensive to hedge.

We have performed sensitivity analyses as of October 31, 2016 and 2015, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency derivative contracts offset by underlying exposures. The foreign currency exchange rates we used in performing the sensitivity analysis were based on market rates in effect at October 31, 2016 and 2015. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange fair value loss of $47 million and $21 million at October 31, 2016 and 2015, respectively.

Interest rate risk

We also are exposed to interest rate risk related to debt we have issued and our investment portfolio and financing receivables. We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing.

We often use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial.

In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability of LIBOR-based interest income received on certain variable-rate investments, by entering into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2016 and 2015, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investments, financing receivables, and interest rate swaps. The analyses use actual or approximate maturities for the debt, investments, financing receivables, and interest rate swaps. The discount rates used were based on the market interest rates in effect at October 31, 2016 and 2015. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would result in a loss in the fair values of our debt, investments and financing receivables, net of interest rate swaps, of $39 million and $52 million at October 31, 2016 and 2015, respectively.

ITEM 8. Financial Statements and Supplementary Data.

Table of Contents

	Page
Report of Independent Registered Public Accounting Firm	76
Management's Report on Internal Control Over Financial Reporting	78
Consolidated and Combined Statements of Earnings	79
Consolidated and Combined Statements of Comprehensive Income	80
Consolidated Balance Sheets	81
Consolidated and Combined Statements of Cash Flows	82
Consolidated and Combined Statements of Stockholders' Equity	83
Notes to Consolidated and Combined Financial Statements	84
Note 1: Overview and Summary of Significant Accounting Policies	84
Note 2: Segment Information	97
Note 3: Restructuring	104
Note 4: Retirement and Post-Retirement Benefit Plans	105
Note 5: Stock-Based Compensation	114
Note 6: Taxes on Earnings	118
Note 7: Balance Sheet Details	124
Note 8: Financing Receivables and Operating Leases	126
Note 9: Acquisitions and Divestitures	130
Note 10: Goodwill and Intangible Assets	132
Note 11: Fair Value	134
Note 12: Financial Instruments	137
Note 13: Borrowings	143
Note 14: Related Party Transactions and Former Parent Company Investment	147
Note 15: Stockholders' Equity	149
Note 16: Net Earnings Per Share	151
Note 17: Litigation and Contingencies	152
Note 18: Guarantees, Indemnifications and Warranties	157
Note 19: Commitments	158
Note 20: Equity Method Investments	159
Quarterly Summary	161

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hewlett Packard Enterprise Company

We have audited the accompanying consolidated balance sheets of Hewlett Packard Enterprise Company and subsidiaries (the ''Company'') as of October 31, 2016 and 2015, and the related consolidated and combined statements of earnings, comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended October 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hewlett Packard Enterprise Company and subsidiaries at October 31, 2016 and 2015, and the consolidated and combined results of their operations and their cash flows for each of the three years in the period ended October 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hewlett Packard Enterprise Company and subsidiaries' internal control over financial reporting as of October 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated December 15, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California
December 15, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hewlett Packard Enterprise Company

We have audited Hewlett Packard Enterprise Company and subsidiaries' internal control over financial reporting as of October 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Hewlett Packard Enterprise Company and subsidiary's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hewlett Packard Enterprise Company and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of October 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Hewlett Packard Enterprise Company and subsidiaries as of October 31, 2016 and 2015, and the related consolidated and combined statements of earnings, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended October 31, 2016 of Hewlett Packard Enterprise Company and subsidiaries and our report dated December 15, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
December 15, 2016

ITEM 8. Financial Statements and Supplementary Data.

Management's Report on Internal Control Over Financial Reporting

Hewlett Packard Enterprise's management is responsible for establishing and maintaining adequate internal control over financial reporting for Hewlett Packard Enterprise. Hewlett Packard Enterprise's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Hewlett Packard Enterprise's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Hewlett Packard Enterprise; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Hewlett Packard Enterprise are being made only in accordance with authorizations of management and directors of Hewlett Packard Enterprise; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Hewlett Packard Enterprise's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Hewlett Packard Enterprise's management assessed the effectiveness of Hewlett Packard Enterprise's internal control over financial reporting as of October 31, 2016, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013 framework). Based on the assessment by Hewlett Packard Enterprise's management, we determined that Hewlett Packard Enterprise's internal control over financial reporting was effective as of October 31, 2016. The effectiveness of Hewlett Packard Enterprise's internal control over financial reporting as of October 31, 2016 has been audited by Ernst & Young LLP, Hewlett Packard Enterprise's independent registered public accounting firm, as stated in their report which appears on page 68 of this Annual Report on Form 10-K.

/s/ MARGARET C. WHITMAN	/s/ TIMOTHY C. STONESIFER
Margaret C. Whitman *President and Chief Executive Officer* December 15, 2016	Timothy C. Stonesifer *Executive Vice President and Chief Financial Officer* December 15, 2016

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Earnings

	For the fiscal years ended October 31,		
	2016	2015	2014
	In millions, except per share amounts		
Net revenue:			
Products	$19,250	$19,635	$19,171
Services	30,509	32,111	35,551
Financing income	364	361	401
Total net revenue	50,123	52,107	55,123
Costs and expenses:			
Cost of products	12,715	12,978	12,394
Cost of services	22,543	23,950	26,815
Financing interest	249	240	277
Research and development	2,298	2,338	2,197
Selling, general and administrative	7,821	8,025	8,717
Amortization of intangible assets	755	852	906
Restructuring charges	1,236	954	1,471
Acquisition and other related charges	178	89	11
Separation costs	598	797	—
Defined benefit plan settlement charges	—	225	—
Impairment of data center assets	—	136	—
Gain on H3C and MphasiS divestitures	(2,420)	—	—
Total costs and expenses	45,973	50,584	52,788
Earnings from operations	4,150	1,523	2,335
Interest and other, net	(312)	(51)	(91)
Tax indemnification adjustments	317	—	—
Loss from equity interests	(76)	(2)	—
Earnings before taxes	4,079	1,470	2,244
(Provision) benefit for taxes	(918)	991	(596)
Net earnings	$ 3,161	$ 2,461	$ 1,648
Net earnings per share:[1]			
Basic	$ 1.84	$ 1.36	$ 0.91
Diluted	$ 1.82	$ 1.34	$ 0.90
Cash dividends declared per share	$ 0.22	$ —	$ —
Weighted-average shares used to compute net earnings per share:[1]			
Basic	1,715	1,804	1,804
Diluted	1,739	1,834	1,834

[1] On November 1, 2015, HP Inc. (formerly Hewlett-Packard Company) distributed a total of 1.8 billion shares of Hewlett Packard Enterprise common stock to HP Inc. stockholders as of the record date. The number of shares used to compute basic and diluted net earnings per share (''EPS'') for the period ended October 31, 2015 is used for the calculation of net EPS for October 31, 2014. See Note 16, ''Net Earnings Per Share'', for further details.

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Comprehensive Income

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Net earnings	$ 3,161	$ 2,461	$1,648
Other comprehensive loss before taxes:			
Change in net unrealized (losses) gains on available-for-sale securities:			
Net unrealized (losses) gains arising during the period	(4)	(10)	5
Losses (gains) reclassified into earnings	3	—	(1)
	(1)	(10)	4
Change in net unrealized (losses) gains on cash flow hedges:			
Net unrealized gains arising during the period	226	481	111
Net (gains) losses reclassified into earnings	(270)	(480)	60
	(44)	1	171
Change in unrealized components of defined benefit plans:			
Losses arising during the period	(1,777)	(382)	(794)
Amortization of actuarial loss and prior service benefit	284	214	82
Curtailments, settlements and other	(18)	4	18
Plans transferred from former Parent during the period	—	(2,607)	—
Merged into former Parent's Shared plans during the period	—	—	61
	(1,511)	(2,771)	(633)
Change in cumulative translation adjustment:			
Cumulative translation adjustment arising during the period	(154)	(198)	(85)
Release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	75	—	—
	(79)	(198)	(85)
Other comprehensive loss before taxes	(1,635)	(2,978)	(543)
Benefit (provision) for taxes	51	211	(10)
Other comprehensive loss, net of taxes	(1,584)	(2,767)	(553)
Comprehensive income (loss)	$ 1,577	$ (306)	$1,095

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

	As of October 31,	
	2016	2015
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	$12,987	$ 9,842
Accounts receivable	6,909	8,538
Financing receivables	2,923	2,918
Inventory	1,774	2,198
Other current assets	4,324	6,468
Total current assets	28,917	29,964
Property, plant and equipment	9,636	9,886
Long-term financing receivables and other assets	13,216	10,875
Investment in equity interests	2,648	—
Goodwill	24,178	27,261
Intangible assets	1,084	1,930
Total assets	$79,679	$79,916
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 3,532	$ 691
Accounts payable	5,943	5,828
Employee compensation and benefits	2,364	2,902
Taxes on earnings	420	476
Deferred revenue	4,610	5,154
Accrued restructuring	671	628
Other accrued liabilities	4,991	6,314
Total current liabilities	22,531	21,993
Long-term debt	12,608	15,103
Other liabilities	13,022	8,902
Commitments and contingencies		
Stockholders' equity		
HPE stockholders' equity:		
Preferred stock, $0.01 par value (300 shares authorized; none issued)	—	—
Common stock, $0.01 par value (9,600 shares authorized; 1,666 shares issued and outstanding at October 31, 2016)	17	—
Additional paid-in capital	35,248	—
Retained earnings	2,782	—
Former Parent company investment	—	38,550
Accumulated other comprehensive loss	(6,599)	(5,015)
Total HPE stockholders' equity	31,448	33,535
Non-controlling interests	70	383
Total stockholders' equity	31,518	33,918
Total liabilities and stockholders' equity	$79,679	$79,916

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Cash Flows

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Cash flows from operating activities:			
Net earnings	$ 3,161	$ 2,461	$ 1,648
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	3,775	3,947	4,144
Stock-based compensation expense	558	565	427
Provision for doubtful accounts	61	52	80
Provision for inventory	171	155	125
Restructuring charges	1,236	954	1,471
Deferred taxes on earnings	(1,345)	(2,522)	(304)
Excess tax benefit from stock-based compensation	(20)	(100)	(44)
Gain on H3C and MphasiS divestitures	(2,420)	—	—
Loss from equity interests	76	2	—
Other, net	195	374	11
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	991	9	986
Financing receivables	(301)	(393)	428
Inventory	34	(424)	69
Accounts payable	66	868	611
Taxes on earnings	1,615	956	404
Restructuring	(1,044)	(1,021)	(1,239)
Other assets and liabilities	(1,851)	(2,222)	(1,906)
Net cash provided by operating activities	4,958	3,661	6,911
Cash flows from investing activities:			
Investment in property, plant and equipment	(3,280)	(3,344)	(3,620)
Proceeds from sale of property, plant and equipment	450	380	606
Purchases of available-for-sale securities and other investments	(656)	(243)	(940)
Maturities and sales of available-for-sale securities and other investments	585	298	1,023
Payments made in connection with business acquisitions, net of cash acquired	(22)	(2,644)	(49)
Proceeds from business divestitures, net	3,342	140	6
Net cash provided by (used in) investing activities	419	(5,413)	(2,974)
Cash flows from financing activities:			
Short-term borrowings with original maturities less than 90 days, net	(71)	(39)	18
Issuance of debt	1,074	866	852
Payment of debt	(833)	(1,077)	(1,135)
Settlement of cash flow hedge	3	—	—
Issuance of common stock under employee stock plans	119	—	—
Repurchase of common stock	(2,662)	—	—
Net transfers from (to) former Parent	491	9,440	(3,542)
Issuance of Senior Notes relating to Separation	—	14,546	—
Distribution of net proceeds of Senior Notes relating to Separation, to former Parent	—	(14,529)	—
Cash dividends paid	(373)	(32)	(37)
Excess tax benefit from stock-based compensation	20	100	44
Net cash (used in) provided by financing activities	(2,232)	9,275	(3,800)
Increase in cash and cash equivalents	3,145	7,523	137
Cash and cash equivalents at beginning of period	9,842	2,319	2,182
Cash and cash equivalents at end of period	$12,987	$ 9,842	$ 2,319
Supplemental cash flow disclosures:			
Income taxes paid, net of refunds	$ 656	$ 192	$ 302
Interest expense paid	$ 585	$ 291	$ 357
Supplemental schedule of non-cash investing and financing activities:			
Net transfers of property, plant and equipment from former Parent	$ —	$ 1,788	$ —

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Consolidated and Combined Statements of Stockholders' Equity

	Common Stock								
	Number of Shares	Par Value	Additional Paid-in Capital	Former Parent Company Investment	Retained Earnings	Accumulated Other Comprehensive Loss	Equity Attributable to the Company	Non-controlling Interests	Total Equity
			In millions, except number of shares in thousands						
Balance at October 31, 2013	—	$—	$ —	$ 39,683	$ —	$(1,695)	$ 37,988	$ 387	$ 38,375
Net earnings				1,648			1,648		1,648
Other comprehensive loss				—		(553)	(553)		(553)
Comprehensive income				—			1,095		1,095
Net transfers to former Parent				(2,307)			(2,307)		(2,307)
Changes in non-controlling interests								9	9
Balance at October 31, 2014	—	$—	$ —	$ 39,024	$ —	$(2,248)	$ 36,776	$ 396	$ 37,172
Net earnings				2,461		—	2,461		2,461
Other comprehensive loss						(2,767)	(2,767)		(2,767)
Comprehensive income							(306)		(306)
Net transfers from former Parent				11,594			11,594		11,594
Distribution of net proceeds of Senior Notes to former Parent				(14,529)			(14,529)		(14,529)
Changes in non-controlling interests								(13)	(13)
Balance at October 31, 2015	—	$—	$ —	$ 38,550	$ —	$(5,015)	$ 33,535	$ 383	$ 33,918
Separation-related adjustments				(1,236)			(1,236)		(1,236)
Issuance of common stock and reclassification of former Parent company investment	1,803,719	18	37,296	(37,314)			—		—
Net earnings					3,161		3,161	33	3,194
Other comprehensive loss						(1,584)	(1,584)		(1,584)
Comprehensive income							1,577	33	1,610
Issuance of common stock in connection with employee stock plans and other	20,374		15				15		15
Repurchases of common stock	(157,761)	(1)	(2,661)				(2,662)		(2,662)
Tax benefit from employee stock plans			1				1		1
Cash dividends declared					(379)		(379)		(379)
Stock-based compensation expense			597				597		597
Changes in non-controlling interest								(9)	(9)
MphasiS divestiture								(337)	(337)
Balance at October 31, 2016	1,666,332	$17	$35,248	$ —	$2,782	$(6,599)	$ 31,448	$ 70	$ 31,518

The accompanying notes are an integral part of these Consolidated and Combined Financial Statements.

Note 1: Overview and Summary of Significant Accounting Policies

Background

Hewlett Packard Enterprise Company (''we'', ''us'', ''our'', ''Hewlett Packard Enterprise'', ''HPE'' or ''the Company'') is an industry leading technology company that enables customers to go further, faster. With the industry's most comprehensive portfolio, spanning the cloud to the data center to workplace applications, its technology and services help customers around the world make IT more efficient, more productive and more secure. Hewlett Packard Enterprise's customers range from small- and medium-sized businesses (''SMBs'') to large global enterprises.

On November 1, 2015, the Company became an independent publicly-traded company through a pro rata distribution by HP Inc. (''former Parent'' or ''HPI''), formerly known as Hewlett-Packard Company (''HP Co.''), of 100% of the outstanding shares of Hewlett Packard Enterprise Company to HP Inc.'s stockholders (the ''Separation''). Each HP Inc. stockholder of record received one share of Hewlett Packard Enterprise common stock for each share of HP Inc. common stock held on the record date. Approximately 1.8 billion shares of Hewlett Packard Enterprise common stock were distributed on November 1, 2015 to HP Inc. stockholders. In connection with the Separation, Hewlett Packard Enterprise's common stock began trading ''regular-way'' under the ticker symbol ''HPE'' on the New York Stock Exchange on November 2, 2015.

In connection with the Separation, the Company entered into a Tax Matters Agreement with former Parent, which resulted in the indemnification of certain pre-Separation tax liabilities. During the fiscal year ended October 31, 2016, Separation-related adjustments totaling $1.2 billion were recorded in stockholders' equity. Separation-related adjustments to equity primarily reflected the impact of the income tax indemnification and the transfer of certain deferred tax assets and liabilities between former Parent and the Company. See Note 18, ''Guarantees, Indemnifications and Warranties'', for a full description of the Tax Matters Agreement.

Basis of Presentation

Prior to October 31, 2015, the Combined Financial Statements were derived from the Consolidated Financial Statements and accounting records of former Parent, as if the Company was operating on a standalone basis during the periods presented. From and after October 31, 2015, substantially all of the assets and liabilities and operations of the Company were transferred from former Parent to the Company, and Consolidated and Combined Financial Statements included the accounts of the Company and its wholly-owned subsidiaries in accordance with the separation agreement for the transfer from former Parent to the Company. These Consolidated and Combined Financial Statements of the Company were prepared in connection with the Separation and in accordance with United States (''U.S.'') Generally Accepted Accounting Principles (''GAAP'').

Prior to October 31, 2015, the Combined and Consolidated Statements of Earnings and Comprehensive Income of the Company reflect allocations of general corporate expenses from former Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount, or other relevant measures. Management of the Company and former Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. The allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Former Parent's cash had not been assigned to the Company as of October 31, 2015 because those cash balances were not directly attributable to the Company. The Company reflected transfers of cash to and from former Parent's cash management system as a component of former Parent company investment on the Consolidated Balance Sheets. Former Parent's long-term debt had not been attributed to the Company prior to

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

October 31, 2015 because former Parent's borrowings were not the legal obligation of the Company. As of October 31, 2015, substantially all of the assets and liabilities and operations were transferred from former Parent to the Company and the Consolidated Balance Sheet of the Company included the accounts of the Company and its wholly-owned subsidiaries. Additionally, subsequent to the Separation, the Company received a final cash allocation from HP Inc. and accrued certain general cross-indemnifications liabilities. See Note 14, ''Related Party Transactions and Former Parent Company Investment'', and Note 18, ''Guarantees, Indemnifications and Warranties'', for a full description of these items.

Former Parent maintained various benefit and stock-based compensation plans at a corporate level and other benefit plans at a subsidiary level. The Company's employees participated in those programs and a portion of the cost of those plans was included in the Company's Consolidated and Combined Financial Statements. See Note 4, ''Retirement and Post-Retirement Benefit Plans'', and Note 5, ''Stock-based Compensation'', for a further description.

Principles of Combination and Consolidation

The accompanying Consolidated and Combined Financial Statements include the accounts of the Company and other subsidiaries and affiliates in which the Company has a controlling financial interest or is the primary beneficiary. All intercompany transactions and accounts within the consolidated and combined businesses of the Company have been eliminated.

Prior to the Separation, intercompany transactions between the Company and former Parent are considered to be effectively settled in the Consolidated and Combined Financial Statements at the time the transaction was recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Consolidated and Combined Statements of Cash Flows within financing activities and within the stockholders' equity section of the Consolidated Balance Sheets in Former Parent company investment.

The Company accounts for investments in companies over which it has the ability to exercise significant influence but does not hold a controlling interest under the equity method of accounting, and the Company records its proportionate share of income or losses in Loss from equity interests in the Consolidated and Combined Statements of Earnings. The Company's proportionate share of losses in its equity method investments previously included in Interest and other, net, and Other, net, in the Consolidated and Combined Statements of Earnings and Statements of Cash Flows, respectively, for all prior periods, were reclassified to Loss from equity interests to conform to the current year presentation.

Non-controlling interests are presented as a separate component within Total stockholders' equity in the Consolidated Balance Sheets. Net earnings attributable to non-controlling interests are recorded within Interest and other, net in the Consolidated and Combined Statements of Earnings and are not presented separately, as they were not material for any period presented.

Segment Realignment

The Company has implemented certain segment and business unit realignments in order to align its segment financial reporting more closely with its current business structure. Reclassifications of certain prior year segment and business unit financial information have been made to conform to the current-year presentation. None of the changes impact the Company's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share (''EPS''). See Note 2, ''Segment Information'', for a further discussion of the Company's segment realignment.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated and Combined Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Foreign Currency Translation

The Company predominately uses the U.S. dollar as its functional currency. Assets and liabilities denominated in non-U.S. currencies are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and at historical exchange rates for non-monetary assets and liabilities. Net revenue, costs and expenses denominated in non-U.S. currencies are recorded in U.S. dollars at the average rates of exchange prevailing during the period. The Company includes gains or losses from foreign currency remeasurement in Interest and other, net in the Consolidated and Combined Statements of Earnings and gains and losses from cash flow hedges in Net revenue as the hedged revenue is recognized. Certain non-U.S. subsidiaries designate the local currency as their functional currency, and the Company records the translation of their assets and liabilities into U.S. dollars at the balance sheet date as translation adjustments and includes them as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets. The effect of foreign currency exchange rates on cash and cash equivalents was not material for any of the fiscal years presented.

Former Parent Company Investment

Former Parent company investment in the Consolidated Balance Sheets and Consolidated and Combined Statements of Stockholders' Equity represents former Parent's historical investment in the Company, the net effect of transactions with and allocations from former Parent and the Company's accumulated earnings. See Note 14, ''Related Party Transactions and former Parent Company Investment'', for further information about transactions between the Company and former Parent.

Revenue Recognition

General

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable, and collectability is reasonably assured. Additionally, the Company recognizes hardware revenue on sales to channel partners, including resellers, distributors or value-added solution providers at the time of delivery when the channel partners have economic substance apart from the Company, and the Company has completed its obligations related to the sale. The Company generally recognizes revenue for its standalone software sales to channel partners on receipt of evidence that the software has been sold to a specific end user. The Company limits the amount of revenue recognized for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified refund or return rights.

The Company reduces revenue for customer and distributor programs and incentive offerings, including price protection, rebates, promotions, other volume-based incentives, and expected returns, at the later of the date of revenue recognition or the date the sales incentive is offered. Future market conditions and product transitions may require the Company to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. For certain incentive programs, the Company estimates the number of customers expected to redeem the incentive based on historical experience and the specific terms and conditions of the incentive.

In instances when revenue is derived from sales of third-party vendor products or services, the Company records revenue on a gross basis when the Company is a principal to the transaction and on a net basis when

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

the Company is acting as an agent between the customer and the vendor. The Company considers several factors to determine whether it is acting as a principal or an agent, most notably whether the Company is the primary obligor to the customer, has established its own pricing and has inventory and credit risks.

The Company reports revenue net of any taxes collected from customers and remitted to government authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Multiple element arrangements

When a sales arrangement contains multiple elements or deliverables, such as hardware and software products, and/or services, the Company allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (''VSOE'') of selling price, if available, third-party evidence (''TPE'') if VSOE of selling price is not available, or estimated selling price (''ESP'') if neither VSOE of selling price nor TPE is available. The Company establishes VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. The Company establishes TPE of selling price by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The Company establishes ESP based on management judgment considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life-cycle. Consideration is also given to market conditions such as competitor pricing strategies and technology industry life-cycles. In most arrangements with multiple elements, the Company allocates the transaction price to the individual units of accounting at inception of the arrangement based on their relative selling price.

In multiple element arrangements that include software that is more-than-incidental, the Company allocates the transaction price to the individual units of accounting for the non-software deliverables and to the software deliverables as a group using the relative selling price of each of the deliverables in the arrangement based on the selling price hierarchy. If the arrangement contains more than one software deliverable, the transaction price allocated to the group of software deliverables is then allocated to each component software deliverable.

The Company evaluates each deliverable in an arrangement to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. For elements with no standalone value, the Company recognizes revenue consistent with the pattern of the undelivered elements. If the arrangement includes a customer-negotiated refund or return right or other contingency relative to the delivered items, and the delivery and performance of the undelivered items is considered probable and substantially within the Company's control, the delivered element constitutes a separate unit of accounting. In arrangements with combined units of accounting, changes in the allocation of the transaction price among elements may impact the timing of revenue recognition for the contract but will not change the total revenue recognized for the contract.

Product revenue

Hardware

Under the Company's standard terms and conditions of sale, the Company transfers title and risk of loss to the customer at the time product is delivered to the customer and recognizes revenue accordingly, unless customer acceptance is uncertain or significant obligations to the customer remain. The Company reduces revenue for estimated customer returns, price protection, rebates and other programs offered under sales agreements established by the Company with its distributors and resellers. The Company records revenue from the sale of equipment under sales-type leases as product revenue at the inception of the lease. The Company

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

accrues the estimated cost of post-sale obligations, including standard product warranties, based on historical experience at the time the Company recognizes revenue.

Software

The Company recognizes revenue from perpetual software licenses at the inception of the license term, assuming all revenue recognition criteria have been satisfied. Term-based software license revenue is generally recognized ratably over the term of the license. The Company uses the residual method to allocate revenue to software licenses at the inception of the arrangement when VSOE of fair value for all undelivered elements, such as post-contract customer support, exists and all other revenue recognition criteria have been satisfied. The Company recognizes revenue from maintenance and unspecified upgrades or updates provided on a when-and-if-available basis ratably over the period during which such items are delivered. The Company recognizes revenue for hosting or software-as-a-service (''SaaS'') arrangements as the service is delivered, generally on a straight-line basis, over the contractual period of performance. In hosting arrangements, the Company considers the rights provided to the customer (e.g. whether the customer has the contractual right to take possession of the software at any time during the hosting period without significant penalty, and the feasibility of the customer to operate or contract with another vendor to operate the software) in determining whether the arrangement includes the sale of a software license. In hosting arrangements where software licenses are sold, license revenue is generally recognized according to whether perpetual or term licenses are sold, when all other revenue recognition criteria are satisfied.

Services revenue

The Company recognizes revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period and recognizes the costs associated with these contracts as incurred. For time and material contracts, the Company recognizes revenue as services are rendered and recognizes costs as they are incurred.

The Company recognizes revenue from certain fixed-price contracts, such as consulting arrangements, as work progresses over the contract period on a proportional performance basis, as determined by the percentage of labor costs incurred to date compared to the total estimated labor costs of a contract. The Company recognizes revenue on fixed-price contracts for design and build projects (to design, develop and construct software and systems) using the percentage-of-completion method. The Company uses the cost-to-cost method to measure progress toward completion as determined by the percentage of cost incurred to date compared to the total estimated costs of the project. Estimates of total project costs for fixed-price contracts are regularly reassessed during the life of a contract. Provisions for estimated losses on fixed-priced contracts are recognized in the period when such losses become known. If reasonable and reliable cost estimates for a project cannot be made, the Company uses the completed contract method and recognizes revenue and costs upon service completion.

The Company generally recognizes outsourcing services revenue in the period when the service is provided and the amount earned is not contingent on the occurrence of any future event. The Company recognizes revenue using an objective measure of output for unit-priced contracts. Revenue for fixed-price outsourcing contracts with periodic billings is recognized on a straight-line basis if the service is provided evenly during the contract term. Provisions for estimated losses on outsourcing arrangements are recognized in the period when such losses become probable and estimable.

The Company recognizes revenue from operating leases on a straight-line basis as service revenue over the rental period.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Financing income

Sales-type and direct-financing leases produce financing income, which the Company recognizes at consistent rates of return over the lease term.

Deferred revenue and deferred costs

The Company records amounts invoiced to customers in excess of revenue recognized as deferred revenue until the revenue recognition criteria are satisfied. The Company records revenue that is earned and recognized in excess of amounts invoiced on services contracts as trade receivables.

Deferred revenue represents amounts invoiced in advance for product support contracts, software customer support contracts, outsourcing startup services work, consulting and integration projects, product sales or leasing income.

The Company recognizes costs associated with outsourcing contracts as incurred, unless such costs are considered direct and incremental to the startup phase of the contract, in which case the Company defers these costs during the startup phase and subsequently amortizes such costs over the period that outsourcing services are provided, once those services commence. The Company amortizes deferred contract costs on a straight-line basis over the remaining term of the contract unless facts and circumstances of the contract indicate a shorter period is more appropriate. Based on actual and projected contract financial performance indicators, the Company analyzes the recoverability of deferred contract costs using the undiscounted estimated cash flows of the contract over its remaining term. If such undiscounted cash flows are insufficient to recover the carrying amount of deferred contract costs and long-lived assets directly associated with the contract, the deferred contract costs are first impaired. If a cash flow deficiency remains after reducing the carrying amount of the deferred contract costs to zero, the Company evaluates any remaining long-lived assets related to that contract for impairment.

Shipping and Handling

The Company includes costs related to shipping and handling in Cost of products.

Stock-Based Compensation

Stock-based compensation expense is based on the measurement date fair value of the award and is recognized only for those awards expected to meet the service and performance vesting conditions on a straight-line basis over the requisite service period of the award. Stock-based compensation expense is determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance and/or market conditions. The forfeiture rate is estimated based on historical experience.

Prior to November 1, 2015, the Company's employees participated in former Parent's stock-based compensation plans. Stock-based compensation expense has been allocated to the Company based on the awards and terms previously granted to the Company's employees as well as an allocation of former Parent's corporate and shared functional employee expenses.

Retirement and Post-Retirement Plans

The Company sponsors defined benefit pension plans worldwide, of which the most significant are in the United Kingdom. There are three pension plans in the UK which are all closed to new entrants, but under which, members continue to earn benefit accruals. All of these plans provide benefits based on final pay and years of service and generally require contributions from members. These plans are accounted for as single

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

employer benefit plans. The net benefit plan obligations and the related benefit plan expense of these plans have been recorded in the Company's Consolidated and Combined Financial Statements for fiscal 2016.

Prior to October 31, 2015 and with the exception of certain defined benefit pension plans, of which the Company was the sole sponsor, certain of Hewlett Packard Enterprise eligible employees, retirees and other former employees participated in certain U.S. and international defined benefit pension plans and other post-employment plans offered by former Parent. These plans, which included participants that were both Company employees and other employees of former Parent (''Shared'' plans), were accounted for as multiemployer benefit plans and the related net benefit plan obligations were not included in the Company's historical Combined Balance Sheets through July 31, 2015. The related benefit plan expenses were allocated to the Company based on the Company's labor costs and allocations of corporate and other shared functional personnel.

Certain benefit plans in the Company's operations only included active, retired and other former Company employees (''Direct'' plans) and were accounted for as single employer benefit plans. Accordingly, the net benefit plan obligations and the related benefit plan expense of those plans have been recorded in the Company's Consolidated and Combined Financial Statements for all periods presented. The most significant of these Direct plans are located in the United Kingdom, Germany, Canada, and the United States.

In connection with the Separation, during the three months ended October 31, 2015, former Parent transferred to the Company plan assets and liabilities related to newly-created single employer plans, primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees.

The Company generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the average remaining estimated service life or, in the case of closed plans, life expectancy of participants. In some cases, actuarial gains and losses are amortized using the corridor approach. See Note 4, ''Retirement and Post-Retirement Benefit Plans'', for a full description of these plans and the accounting and funding policies.

Advertising

Costs to produce advertising are expensed as incurred during production. Costs to communicate advertising are expensed when the advertising is first run. Advertising expense totaled approximately $340 million in fiscal 2016, $224 million in fiscal 2015 and $220 million in fiscal 2014.

Restructuring

The Company records charges associated with former Parent-approved restructuring plans to reorganize one or more of the Company's business segments, to remove duplicative headcount and infrastructure associated with business acquisitions or to simplify business processes and accelerate innovation. Restructuring charges can include severance costs to eliminate a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation costs. The Company records restructuring charges based on estimated employee terminations and site closure and consolidation plans. The Company accrues for severance and other employee separation costs under these actions when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on existing plans, historical experiences and negotiated settlements.

Taxes on Earnings

For fiscal 2015 and prior, current income tax liabilities related to entities which filed jointly with former Parent are assumed to be immediately settled with former Parent and are relieved through the former Parent company investment account and the Net transfers to former Parent in the Consolidated and Combined

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Statements of Cash Flows. Income tax expense and other income tax-related information contained in these Consolidated and Combined Financial Statements are presented on a separate return basis, as if the Company filed its own tax returns. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if the Company were a separate taxpayer and a standalone enterprise for the periods presented. As of November 1, 2015, Hewlett Packard Enterprise Company was formally separated from former Parent; as such, any current income tax liabilities generated by the Company will be settled by the Company and no longer included with tax filings of former Parent.

The Company recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. The Company records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

The Company records accruals for uncertain tax positions when the Company believes that it is not more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The Company makes adjustments to these accruals when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. The provision for income taxes includes the effects of adjustments for uncertain tax positions, effects of potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, as well as any related interest and penalties.

Accounts Receivable

The Company establishes an allowance for doubtful accounts for accounts receivable. The Company records a specific reserve for individual accounts when the Company becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer’s operating results or financial position. If there are additional changes in circumstances related to the specific customer, the Company further adjusts estimates of the recoverability of receivables. The Company maintains bad debt reserves for all other customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, the financial condition of customers, the length of time receivables are past due, trends in the weighted-average risk rating for the portfolio, macroeconomic conditions, information derived from competitive benchmarking, significant one-time events, and historical experience. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable.

The Company participated in former Parent’s third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers through July 31, 2015. From and after August 1, 2015, all of the Company’s transactions are under its own third-party revolving short-term financing arrangements. These financing arrangements, which in certain cases provide for partial recourse, result in the transfer of the Company’s trade receivables to a third party. The Company reflects amounts transferred to, but not yet collected from, the third party in Accounts receivable in the Consolidated Balance Sheets. For arrangements involving an element of recourse, the fair value of the recourse obligation is measured using market data from similar transactions and reported as a current liability in the Consolidated Balance Sheets.

Concentrations of Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables from trade customers and contract manufacturers, financing receivables and derivatives.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Prior to October 31, 2015, the Company participated in cash management, funding arrangements and risk management programs managed by former Parent. After October 31, 2015, in connection with the Separation, the Company maintains cash and cash equivalents, investments, derivatives, and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographic regions, and the Company's policy is designed to limit exposure from any particular institution. As part of its risk management processes, the Company performs periodic evaluations of the relative credit standing of these financial institutions. The Company has not sustained material credit losses from instruments held at these financial institutions. The Company utilizes derivative contracts to protect against the effects of foreign currency and interest rate exposures. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss.

Credit risk with respect to accounts receivable and financing receivables is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company performs ongoing credit evaluations of the financial condition of its customers and may require collateral, such as letters of credit and bank guarantees, in certain circumstances. As of October 31, 2016 and 2015, no single customer accounted for more than 10% of the Company's gross accounts receivable balance.

The Company utilizes outsourced manufacturers around the world to manufacture company-designed products. The Company may purchase product components from suppliers and sell those components to its outsourced manufacturers thereby creating receivable balances from the outsourced manufacturers. The three largest outsourced manufacturer receivable balances collectively represented 83% and 80% of the Company's manufacturer receivables of $382 million and $414 million at October 31, 2016 and 2015, respectively. The Company includes the manufacturer receivables in Other current assets in the Consolidated Balance Sheets on a gross basis. The Company's credit risk associated with these receivables is mitigated wholly or in part by the amount the Company owes to these outsourced manufacturers, as the Company generally has the legal right to offset its payables to the outsourced manufacturers against these receivables. The Company does not reflect the sale of these components in revenue and does not recognize any profit on these component sales until the related products are sold by the Company, at which time any profit is recognized as a reduction to cost of sales. The Company obtains a significant number of components from single source suppliers due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration of the Company's relationship with a single source supplier, or any unilateral modification to the contractual terms under which the Company is supplied components by a single source supplier could adversely affect the Company's revenue and gross margins.

Inventory

The Company values inventory at the lower of cost or market. Cost is computed using standard cost which approximates actual cost on a first-in, first-out basis. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess or obsolescence determined primarily by future demand forecasts.

Property, Plant and Equipment

The Company states property, plant and equipment at cost less accumulated depreciation. The Company capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation expense is recognized on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives are five to 40 years for buildings and improvements and three to 15 years for machinery and equipment. The Company depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. The Company depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. The estimated useful lives of assets used solely to support a customer services contract generally do not exceed the term of the customer contract. On retirement or disposition, the asset cost

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

and related accumulated depreciation are removed from the Consolidated Balance Sheets with any gain or loss recognized in the Consolidated and Combined Statements of Earnings.

The Company capitalizes certain internal and external costs incurred to acquire or create internal use software, principally related to software coding, designing system interfaces and installation and testing of the software. The Company amortizes capitalized internal use software costs using the straight-line method over the estimated useful lives of the software, generally from three to five years.

Software Development Costs

The Company capitalizes costs incurred to acquire or develop software for resale subsequent to establishing technological feasibility for the software, if significant. The Company amortizes capitalized software development costs using the greater of the straight-line amortization method or the ratio that current gross revenues for a product bear to the total current and anticipated future gross revenues for that product. The estimated useful life for capitalized software for resale is generally three years or less. Software development costs incurred subsequent to establishing technological feasibility are generally not significant.

Business Combinations

The Company includes the results of operations of acquired businesses in the Company's consolidated and combined results prospectively from the date of acquisition. The Company allocates the fair value of purchase consideration to the assets acquired including in-process research and development (''IPR&D''), liabilities assumed, and non-controlling interests in the acquired entity generally based on their fair values at the acquisition date. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record a charge for the value of the related intangible asset to the Company's Consolidated and Combined Statement of Earnings in the period it is abandoned. The excess of the fair value of purchase consideration over the fair value of the assets acquired, liabilities assumed and non-controlling interests in the acquired entity is recorded as goodwill. The primary items that generate goodwill include the value of the synergies between the acquired company and the Company and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset. Acquisition-related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill

The Company reviews goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. The Company is permitted to conduct a qualitative assessment to determine whether it is necessary to perform a two-step quantitative goodwill impairment test. The Company performs a quantitative test for all of its reporting units as part of its annual goodwill impairment test in the fourth quarter of each fiscal year.

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2016, the Company's reporting units are consistent with the reportable segments identified in Note 2, ''Segment Information''. In the first step of the impairment test, the Company compares the fair value of each reporting unit to its carrying amount. The Company estimates the fair value of its reporting units using a weighting of fair values derived most significantly from the income approach, and to a lesser extent, the market approach. Under the income approach, the Company estimates the fair value of a reporting unit based on the present value of estimated future cash flows. The Company prepares cash flow projections based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The Company bases the discount rate on the weighted-average cost of capital adjusted for the relevant risk associated with

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. Under the market approach, the Company estimates fair value based on market multiples of revenue and earnings derived from comparable publicly traded companies with similar operating and investment characteristics as the reporting unit. The Company weights the fair value derived from the market approach depending on the level of comparability of these publicly traded companies to the reporting unit. When market comparables are not meaningful or not available, the Company estimates the fair value of a reporting unit using only the income approach. For the Software and Enterprise Services (''ES'') reporting units, the Company primarily utilized their respective spin-off and merger transaction values to estimate fair value.

If the fair value of a reporting unit exceeds the carrying amount of the net assets assigned to that reporting unit, goodwill is not impaired and no further testing is required. If the fair value of the reporting unit is less than its carrying amount, then the Company performs the second step of the goodwill impairment test to measure the amount of impairment loss, if any. In the second step, the Company measures the reporting unit's assets, including any unrecognized intangible assets, liabilities and non-controlling interests at fair value in a hypothetical analysis to calculate the implied fair value of goodwill for the reporting unit in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than its carrying amount, the difference is recorded as an impairment loss.

Intangible Assets and Long-Lived Assets

The Company reviews intangible assets with finite lives and long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company assesses the recoverability of assets based on the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the undiscounted future cash flows are less than the carrying amount, the asset is impaired. The Company measures the amount of impairment loss, if any, as the difference between the carrying amount of the asset and its fair value using an income approach or, when available and appropriate, using a market approach. The Company amortizes intangible assets with finite lives using the straight-line method over the estimated economic lives of the assets, ranging from one to ten years.

Equity Method Investments

Investments and ownership interests are accounted for under equity method accounting if the Company has the ability to exercise significant influence, but does not have a controlling financial interest. The Company records its interest in the net earnings of its equity method investees, along with adjustments for unrealized profits or losses on intra-entity transactions and amortization of basis differences, within earnings or loss from equity interests in the Consolidated and Combined Statements of Earnings. Profits or losses related to intra-entity sales with its equity method investees are eliminated until realized by the investor or investee. Basis differences represent differences between the cost of the investment and the underlying equity in net assets of the investment and are generally amortized over the lives of the related assets that gave rise to them. The Company records its interest in the net earnings of its equity method investments based on the most recently available financial statements of the investees.

The carrying amount of the investment in equity interests is adjusted to reflect the Company's interest in net earnings, dividends received and other-than-temporary impairments. The Company reviews for impairment whenever factors indicate that the carrying amount of the investment might not be recoverable. In such a case, the decrease in value is recognized in the period the impairment occurs in the Consolidated and Combined Statement of Earnings.

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

Debt and Marketable Equity Securities Investments

Debt and marketable equity securities are generally considered available-for-sale and are reported at fair value with unrealized gains and losses, net of applicable taxes, in Accumulated other comprehensive loss in the Consolidated Balance Sheets. Realized gains and losses for available-for-sale securities are calculated based on the specific identification method and included in Interest and other, net in the Consolidated and Combined Statements of Earnings. The Company monitors its investment portfolio for potential impairment on a quarterly basis. When the carrying amount of an investment in debt securities exceeds its fair value and the decline in value is determined to be other-than-temporary, the Company records an impairment charge to Interest and other, net in the amount of the credit loss and the balance, if any, is recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

Derivatives

The Company uses derivative financial instruments, primarily forwards, swaps, and, at times, options, to hedge certain foreign currency and interest rate exposures. The Company also may use other derivative instruments not designated as hedges, such as forwards used to hedge foreign currency balance sheet exposures. The Company does not use derivative financial instruments for speculative purposes. See Note 12, ‘‘Financial Instruments’’, for a full description of the Company's derivative financial instrument activities and related accounting policies.

Loss Contingencies

The Company is involved in various lawsuits, claims, investigations, and proceedings that arise in the ordinary course of business. The Company records a liability for contingencies when it believes it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See Note 17, ‘‘Litigation and Contingencies’’, for a full description of the Company's loss contingencies and related accounting policies.

Accounting Pronouncements

In October 2016, the Financial Accounting Standards Board (‘‘FASB’’) amended the existing accounting standards for income taxes. The amendments require the recognition of the income tax consequences for intra-entity transfers of assets other than inventory when the transfer occurs. Under current GAAP, current and deferred income taxes for intra-entity asset transfers are not recognized until the asset has been sold to an outside party. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is required to adopt the guidance in the first quarter of fiscal 2019. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In August 2016, the FASB amended the existing accounting standards for the statement of cash flows. The amendments provide guidance on eight classification issues related to the statement of cash flows. The Company is required to adopt the guidance in the first quarter of fiscal 2019. The amendments should be applied retrospectively to all periods presented. For issues that are impracticable to apply retrospectively, the amendments may be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In June 2016, the FASB amended the existing accounting standards for the measurement of credit losses. The amendments require an entity to estimate its lifetime expected credit loss for most financial instruments, including trade and lease receivables, and record an allowance for the portion of the amortized cost the entity does not expect to collect. The estimate of expected credit losses should consider historical information, current

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

information, and reasonable and supportable forecasts, including estimates of prepayments. The Company is required to adopt the guidance in the first quarter of fiscal 2021. Early adoption is permitted beginning in fiscal 2020. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In March 2016, the FASB amended the existing accounting standards for employee share-based payment arrangements. The amendments require all excess tax benefits and tax deficiencies associated with share-based payments to be recognized as income tax expense or income tax benefit, respectively, rather than as additional paid-in capital. The amendments also increase the amount an employer can withhold in order to cover income taxes on awards, allows companies to recognize forfeitures of awards as they occur, and requires companies to present excess tax benefits from stock-based compensation as an operating activity in the statement of cash flows rather than as a financing activity. The Company is required to adopt the guidance in the first quarter of fiscal 2018. Early adoption is permitted. The Company is currently evaluating the timing of adoption and the impact of these amendments on its Consolidated and Combined Financial Statements.

In February 2016, the FASB amended the existing accounting standards for leases. The amendments require lessees to record, at lease inception, a lease liability for the obligation to make lease payments and a right-of-use (''ROU'') asset for the right to use the underlying asset for the lease term on their balance sheets. Lessees may elect to not recognize lease liabilities and ROU assets for most leases with terms of 12 months or less. The lease liability is measured at the present value of the lease payments over the lease term. The ROU asset will be based on the liability, adjusted for lease prepayments, lease incentives received, and the lessee's initial direct costs. For finance leases, lease expense will be the sum of interest on the lease obligation and amortization of the ROU asset, resulting in a front-loaded expense pattern. For operating leases, lease expense will generally be recognized on a straight-line basis over the lease term. The amended lessor accounting model is similar to the current model, updated to align with certain changes to the lessee model and the new revenue standard. The current sale-leaseback guidance, including guidance applicable to real estate, is also replaced with a new model for both lessees and lessors. The Company is required to adopt the guidance in the first quarter of fiscal 2020 using a modified retrospective approach. Early adoption is permitted. The Company is currently evaluating the timing and the impact of these amendments on its Consolidated and Combined Financial Statements.

In November 2015, the FASB amended the existing accounting standards for income taxes. The amendments require companies to report their deferred tax liabilities and deferred tax assets each as a single non-current item on their classified balance sheets. The Company elected to adopt the amendments in the first quarter of fiscal 2016 and applied them retrospectively to all periods presented, as permitted by the standard. The adoption of the amendments had no impact to its net earnings or cash flows from operations for any period presented.

The following table presents the Consolidated Balance Sheet under the historical accounting method for deferred taxes and as adjusted to reflect the adoption of the amendments:

	October 31, 2015		
	Historical Accounting Method	Effect of Adoption	As Adjusted
		In millions	
Other current assets	$ 7,677	$(1,209)	$ 6,468
Long-term financing receivables and other assets	$ 11,020	$ (145)	$10,875
Taxes on earnings	$ (634)	$ 158	$ (476)
Other liabilities	$(10,098)	$ 1,196	$ (8,902)

In September 2015, the FASB amended the existing accounting standards to simplify the accounting for measurement period adjustments to provisional amounts recognized in a business combination. The

Note 1: Overview and Summary of Significant Accounting Policies (Continued)

amendments require all such adjustments to be recognized in the period they are determined. Adjustments related to previous reporting periods since the acquisition date must be disclosed by income statement line item, either on the face of the income statement or within the footnotes. The Company elected to early adopt the amendments in the first quarter of fiscal 2016, as permitted by the standard. The adoption of the amendments did not have a material impact on the Company's Consolidated and Combined Financial Statements. See Footnote 9, ''Acquisitions and Divestitures'', for additional information on measurement period adjustments recognized during the fiscal year ended October 31, 2016.

In May 2015, the FASB amended the existing accounting standards for fair value measurements. The amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. The Company elected to adopt the amendments in the first quarter of fiscal 2016 and applied them retrospectively to all periods presented, as required by the standard. The adoption of the amendments had no impact to its net earnings or cash flows from operations for any period presented.

In April 2015, the FASB amended the existing accounting standards for intangible assets. The amendments provide explicit guidance to customers in determining the accounting for fees paid in a cloud computing arrangement, wherein the arrangements that do not convey a software license to the customer are accounted for as service contracts. The amendments also eliminate the practice of accounting for software licenses as executory contracts which may result in more software assets being capitalized. The Company is required to adopt the guidance in the first quarter of fiscal 2017; however early adoption is permitted, as is retrospective application. The adoption of these amendments is not expected to have a material impact on the Company's Consolidated and Combined Financial Statements.

In April 2015, the FASB amended the existing accounting standards for imputation of interest. The amendments require that debt issuance costs related to a recognized debt liability be presented on the classified balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs is not affected by these amendments. The Company is required to adopt the guidance in the first quarter of fiscal 2017. Early adoption is permitted. The amendments should be applied retrospectively with the adjusted balance sheet of each individual period presented, in order to reflect the period-specific effects of applying the new guidance. The adoption of these amendments is not expected to have a material impact on the Company's Consolidated and Combined Financial Statements.

In May 2014, the FASB amended the existing accounting standards for revenue recognition. The amendments are based on the principle that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued an accounting standard update for a one year deferral of the effective date, with an option of applying the standard on the original effective date, which for the Company is the first quarter of fiscal 2018. In accordance with this deferral, the Company is required to adopt these amendments in the first quarter of fiscal 2019. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently assessing the impact of these amendments and the transition alternatives on its Consolidated and Combined Financial Statements. The Company plans to adopt the new revenue standard in the first quarter of fiscal 2019, beginning November 1, 2018.

Note 2: Segment Information

Hewlett Packard Enterprise's operations are organized into five segments for financial reporting purposes: the Enterprise Group (''EG''), Enterprise Services (''ES''), Software, Financial Services (''FS'') and Corporate Investments. Hewlett Packard Enterprise's organizational structure is based on a number of factors that the Chief Operating Decision Maker (''CODM''), Meg Whitman, uses to evaluate, view and run business operations,

Note 2: Segment Information (Continued)

which include, but are not limited to, customer base and homogeneity of products and technology. The segments are based on this organizational structure and information reviewed by the Company's CODM to evaluate segment results.

A summary description of each segment follows.

The *Enterprise Group* provides servers, storage, networking, and technology services that, when combined with Hewlett Packard Enterprise's cloud solutions, enable customers to manage applications across virtual private cloud, private cloud and traditional IT environments. Described below are Hewlett Packard Enterprise's business units and capabilities within EG.

- *Servers* offers both Industry Standard Servers (''ISS'') as well as Mission-Critical Servers (''MCS'') to address the full array of the Company's customers' computing needs. ISS provides a range of products, from entry level servers through premium HPE ProLiant servers, which run primarily on Windows, Linux and virtualization platforms from software providers including Microsoft Corporation (''Microsoft'') and VMware, Inc. (''VMware'') and open sourced software from other major vendors while leveraging x86 processors from Intel Corporation (''Intel'') and Advanced Micro Devices (''AMD''). For the most mission-critical workloads, HPE delivers Integrity servers based on the Intel® Itanium® processor, HPE Integrity NonStop solutions and mission critical x86 ProLiant servers.
- *Storage* offers Converged Storage solutions and traditional storage. Converged Storage solutions include 3PAR StoreServ, StoreOnce, all-flash arrays, Software Defined and StoreVirtual products. Traditional storage includes tape, storage networking and legacy external disk products such as MSA, EVA and XP.
- *Networking* offers wireless local area network equipment, mobility and security software, switches, routers, and network management products that span data centers, campus and branch environments and deliver software defined networking and unified communications capabilities.
- *Technology Services* provides support services and technology consulting to assist customers as they transform their business and IT. These services are available in the form of service contracts, pre-packaged offerings (HPE Care Pack services) or on a customized basis.

Enterprise Services provides technology consulting, outsourcing and support services across infrastructure, applications and business process domains within traditional and Strategic Enterprise Service (''SES'') offerings which includes analytics and data management, security and cloud services. Described below are the business units and capabilities within ES.

- *Infrastructure Technology Outsourcing* delivers comprehensive services that encompass the management of data centers, IT security, cloud computing, workplace technology, networks, unified communications and enterprise service management.
- *Application and Business Services* helps clients develop, revitalize and manage their applications and information assets and provides end-to-end, industry-specific business process services.

Software provides big data analytics and applications, enterprise security, application testing and delivery management and IT operations management solutions for businesses and other enterprises of all sizes. These software offerings include licenses, support, professional services, and software-as-a-service (''SaaS'').

Financial Services provides flexible investment solutions, such as leasing, financing, IT consumption, and utility programs and asset management services, for customers to enable the creation of unique technology deployment models and acquire complete IT solutions, including hardware, software and services from Hewlett Packard Enterprise and others. Providing flexible services and capabilities that support the entire IT life cycle, FS partners with customers globally to help build investment strategies that enhance their business agility and support their business transformation. FS offers a wide selection of investment solution capabilities for large

Note 2: Segment Information (Continued)

enterprise customers and channel partners, along with an array of financial options to SMBs and educational and governmental entities.

Corporate Investments includes Hewlett Packard Labs and certain cloud-related business incubation projects, among others.

Segment Policy

Hewlett Packard Enterprise derives the results of its business segments directly from its internal management reporting system. The accounting policies that Hewlett Packard Enterprise uses to derive segment results are substantially the same as those the consolidated company uses. The CODM measures the performance of each segment based on several metrics, including earnings from operations. The CODM uses these results, in part, to evaluate the performance of, and to allocate resources to each of the segments.

Segment revenue includes revenues from sales to external customers and intersegment revenues that reflect transactions between the segments on an arm's-length basis. Intersegment revenues primarily consist of sales of hardware and software that are sourced internally and, in the majority of the cases, are financed as operating leases by FS. Hewlett Packard Enterprise's consolidated net revenue is derived and reported after the elimination of intersegment revenues from such arrangements.

Hewlett Packard Enterprise periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries. Revenues from these intercompany arrangements are deferred and recognized as earned over the term of the arrangement by the Hewlett Packard Enterprise legal entities involved in such transactions; however, these advanced payments are eliminated from revenues as reported by Hewlett Packard Enterprise and its business segments. As disclosed in Note 6, ''Taxes on Earnings'', Hewlett Packard Enterprise executed intercompany advanced royalty payment arrangements resulting in advanced payments of $3.7 billion and $5.0 billion during fiscal 2016 and 2015 respectively. In these transactions, the payments were received in the U.S. from a foreign consolidated affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 5 years. The impact of these intercompany arrangements is eliminated from both Hewlett Packard Enterprise's consolidated and segment revenues.

Financing interest in the Consolidated and Combined Statements of Earnings reflects interest expense on borrowing- and funding-related activity associated with FS and its subsidiaries, and debt issued by Hewlett Packard Enterprise for which a portion of the proceeds benefited FS. Prior to October 9, 2015, such financing interest expense resulted from debt issued by former Parent.

Hewlett Packard Enterprise does not allocate to its segments certain operating expenses which it manages at the corporate level. These unallocated costs include certain corporate governance costs, stock-based compensation expense, amortization of intangible assets, restructuring charges, acquisition and other related charges, separation costs, defined benefit plan settlement charges, impairment of data center assets and gains on the divestitures of H3C and MphasiS.

Segment Organizational Changes

Effective at the beginning of the first quarter of fiscal 2016, the Company implemented organizational changes to align its segment financial reporting more closely with its current business structure. These organizational changes resulted in: (i) within the Enterprise Group segment, the consolidation of the Industry Standard Servers and Business Critical Systems business units into the newly formed Servers business unit; and (ii) the transfer of certain cloud-related marketing headcount activities from the Corporate Investment segment to the Enterprise Group segment.

Note 2: Segment Information (Continued)

The Company reflected these changes to its segment information retrospectively to the earliest period presented, which resulted in: (i) the consolidation of net revenue from the Industry Standard Servers and Business Critical Systems business units into the Servers business unit within the Enterprise Group segment; and (ii) the transfer of operating expenses from the Corporate Investment segment to the Enterprise Group segment. These changes had no impact on Hewlett Packard Enterprise's previously reported combined and consolidated net revenue, earnings from operations, net earnings or net earnings per share.

In May 2016, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of a new business named H3C Technologies (''H3C''), comprising Hewlett Packard Enterprise's former H3C Technologies and China-based servers, storage and technology services businesses, which were previously reported within the EG segment. In the third quarter of fiscal 2016, the Company completed the sale of its assets and liabilities that were identified as part of the H3C transaction. The Company retained a 49% interest in the new company, which it recorded as an equity method investment. See Note 9, ''Acquisitions and Divestitures'' and Note 20, ''Equity Method Investments'' for additional information.

In the third quarter of fiscal 2016, the Company signed a definitive agreement with The Blackstone Group to sell its equity stake in MphasiS Limited (''MphasiS'' or ''MphasiS disposal group''). The financial results of MphasiS were previously reported within the ES segment. In the fourth quarter of fiscal 2016, the Company completed the sale of its entire equity stake in MphasiS and divested all of the assets and liabilities identified as a part of this transaction. See Note 9, ''Acquisitions and Divestitures'' for additional information.

Segment Operating Results

	Enterprise Group	Enterprise Services	Software	Financial Services	Corporate Investments	Total
			In millions			
2016						
Net revenue	$26,017	$18,094	$2,912	$3,097	$ 3	$50,123
Intersegment net revenue and other	1,202	778	283	93	—	2,356
Total segment net revenue	$27,219	$18,872	$3,195	$3,190	$ 3	$52,479
Earnings (loss) from operations	$ 3,459	$ 1,457	$ 749	$ 336	$(348)	$ 5,653
2015						
Net revenue	$26,668	$19,010	$3,308	$3,114	$ 7	$52,107
Intersegment net revenue and other	1,239	796	314	102	—	2,451
Total segment net revenue	$27,907	$19,806	$3,622	$3,216	$ 7	$54,558
Earnings (loss) from operations	$ 3,862	$ 1,019	$ 788	$ 349	$(423)	$ 5,595
2014						
Net revenue	$26,812	$21,297	$3,609	$3,401	$ 4	$55,123
Intersegment net revenue and other	915	1,101	324	97	—	2,437
Total segment net revenue	$27,727	$22,398	$3,933	$3,498	$ 4	$57,560
Earnings (loss) from operations	$ 3,909	$ 818	$ 871	$ 389	$(245)	$ 5,742

Note 2: Segment Information (Continued)

The reconciliation of segment operating results to Hewlett Packard Enterprise consolidated and combined results was as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Net Revenue:			
Total segments	$52,479	$54,558	$57,560
Elimination of intersegment net revenue and other	(2,356)	(2,451)	(2,437)
Total Hewlett Packard Enterprise consolidated and combined net revenue	$50,123	$52,107	$55,123
Earnings before taxes:			
Total segment earnings from operations	$ 5,653	$ 5,595	$ 5,742
Corporate and unallocated costs and eliminations	(598)	(454)	(592)
Stock-based compensation expense	(558)	(565)	(427)
Amortization of intangible assets	(755)	(852)	(906)
Restructuring charges	(1,236)	(954)	(1,471)
Acquisition and other related charges	(178)	(89)	(11)
Separation costs	(598)	(797)	—
Defined benefit plan settlement charges	—	(225)	—
Impairment of data center assets	—	(136)	—
Gain on H3C and MphasiS divestitures	2,420	—	—
Interest and other, net	(312)	(51)	(91)
Tax indemnification adjustments	317	—	—
Loss from equity interests	(76)	(2)	—
Total Hewlett Packard Enterprise consolidated and combined earnings before taxes	$ 4,079	$ 1,470	$ 2,244

Segment Assets

Hewlett Packard Enterprise allocates assets to its business segments based on the segments primarily benefiting from the assets. Total assets by segment and the reconciliation of segment assets to Hewlett Packard Enterprise consolidated assets were as follows:

	As of October 31,	
	2016	2015
	In millions	
Enterprise Group	$26,163	$27,987
Enterprise Services	9,563	11,581
Software	9,425	9,996
Financial Services	13,594	13,163
Corporate Investments	161	83
Corporate and unallocated assets	20,773	17,106
Total Hewlett Packard Enterprise consolidated assets[1]	$79,679	$79,916

[1] The Company elected to adopt the amendments prescribed by ASU 2015-17 related to deferred tax assets and liabilities in the first quarter of fiscal 2016 and applied them retrospectively, as required by the standard. The total assets by segment and total Hewlett Packard Enterprise consolidated assets for fiscal 2015 were restated accordingly.

Note 2: Segment Information (Continued)

- Assets allocated to the EG segment in fiscal 2016 decreased as compared to fiscal 2015 due primarily to the divestiture of 51% of the Company's former H3C Technologies and China-based servers, storage and technology services businesses.
- Assets allocated to the ES segment in fiscal 2016 decreased as compared to fiscal 2015 due primarily to the divestiture of the MphasiS business, the ongoing amortization of intangible assets and a decrease in prepaid expenses.
- Assets allocated to the Software segment in fiscal 2016 decreased as compared to fiscal 2015 due primarily to the divestiture of the TippingPoint business and the ongoing amortization of intangible assets.
- Assets allocated to the FS segment in fiscal 2016 increased as compared to fiscal 2015 due primarily to an increase in equipment leases to customers, recorded as operating and capital leases.
- Assets allocated to the Corporate Investments segment in fiscal 2016 increased as compared to fiscal 2015 due primarily to the acquisition of equity method investments.
- Assets allocated to Corporate and unallocated assets in fiscal 2016 increased as compared to fiscal 2015 due primarily to an increase in cash and cash equivalents, tax indemnification receivables as a result of the Separation and Distribution Agreement with HP Inc., and deferred tax assets.

Major Customers

No single customer represented 10% or more of Hewlett Packard Enterprise's total net revenue in any fiscal year presented.

Geographic Information

Net revenue by country is based upon the sales location that predominately represents the customer location. For each of the fiscal years of 2016, 2015 and 2014, other than the U.S. and the United Kingdom, no country represented more than 10% of Hewlett Packard Enterprise's net revenue.

Net revenue by country in which Hewlett Packard Enterprise operates was as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
U.S.	$19,581	$20,063	$20,833
United Kingdom	5,074	5,379	5,661
Other countries	25,468	26,665	28,629
Total net revenue	$50,123	$52,107	$55,123

Net property, plant and equipment by country in which Hewlett Packard Enterprise operates was as follows:

	As of October 31,	
	2016	2015
	In millions	
U.S.	$4,768	$4,851
United Kingdom	912	955
Other countries	3,956	4,080
Total net property, plant and equipment	$9,636	$9,886

Note 2: Segment Information (Continued)

Net revenue by segment and business unit was as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Servers	$14,019	$14,219	$13,401
Technology Services	7,160	7,662	8,383
Storage	3,065	3,180	3,315
Networking	2,975	2,846	2,628
Enterprise Group	27,219	27,907	27,727
Infrastructure Technology Outsourcing	11,425	12,107	14,038
Application and Business Services	7,447	7,699	8,360
Enterprise Services	18,872	19,806	22,398
Software	3,195	3,622	3,933
Financial Services	3,190	3,216	3,498
Corporate Investments	3	7	4
Total segment net revenue	52,479	54,558	57,560
Eliminations of intersegment net revenue and other	(2,356)	(2,451)	(2,437)
Total net revenue	$50,123	$52,107	$55,123

Note 3: Restructuring

Summary of Restructuring Plans

Restructuring charges of $1.2 billion and $1.0 billion were recorded by the Company during fiscal 2016 and 2015, respectively, based on restructuring activities impacting the Company's employees and infrastructure. Restructuring charges of $1.5 billion were recorded by the Company during fiscal 2014 based on restructuring activities impacting the Company's employees and infrastructure, as well as an allocation of restructuring charges related to former Parent's corporate and shared functional employees and infrastructure of $131 million. Restructuring activities related to the Company's employees and infrastructure (''Direct Restructuring''), summarized by plan, are presented in the table below:

	Fiscal 2015 Plan		Fiscal 2012 Plan		Other Plans		
	Employee Severance	Infrastructure and other	Employee Severance and EER	Infrastructure and other	Employee Severance	Infrastructure and other	Total
Liability as of October 31, 2013	$ —	$ —	$ 712	$ 37	$ 9	$ 120	$ 878
Charges	—	—	1,092	253	—	(5)	1,340
Cash payments	—	—	(978)	(198)	(1)	(62)	(1,239)
Non-cash items	—	—	(89)	(1)	—	—	(90)
Liability as of October 31, 2014	—	—	737	91	8	53	889
Charges	351	1	542	73	(4)	(9)	954
Cash payments	—	(1)	(884)	(116)	—	(20)	(1,021)
Non-cash items	—	—	(74)	(3)	(3)	—	(80)
Liability as of October 31, 2015	351	—	321	45	1	24	742
Charges	932	217	88	1	—	(2)	1,236
Cash payments	(615)	(132)	(263)	(22)	—	(11)	(1,043)
Non-cash items	(39)	(50)	(7)	(1)	—	(1)	(98)
Liability as of October 31, 2016	$ 629	$ 35	$ 139	$ 23	$ 1	$ 10	$ 837
Total costs incurred to date as of October 31, 2016	$1,283	$ 218	$3,980	$ 546	$1,997	$1,127	$ 9,151
Total expected costs to be incurred as of October 31, 2016	$2,158	$ 451	$3,980	$ 546	$1,997	$1,127	$10,259

The current restructuring liability reported in Accrued restructuring in the Consolidated and Combined Financial Statements for fiscal 2016, 2015 and 2014 was $671 million, $628 million and $711 million, respectively. The non-current restructuring liability reported in Other liabilities in the Consolidated and Combined Financial Statements for fiscal 2016, 2015 and 2014 was $166 million, $114 million and $178 million, respectively.

Fiscal 2015 Restructuring Plan

On September 14, 2015, former Parent's Board of Directors approved a restructuring plan (the ''2015 Plan'') in connection with the Separation, which will be implemented through fiscal 2018. As of October 31, 2016, the Company expects up to approximately 30,000 employees to exit the Company by the end of 2018. The changes to the workforce will vary by country, based on local legal requirements and consultations with employee work councils and other employee representatives, as appropriate. As of October 31, 2016, the Company estimates that it will incur aggregate pre-tax charges of approximately $2.6 billion through fiscal 2018 in connection with the 2015 Plan, of which approximately $2.2 billion relates to workforce reductions and approximately $400 million primarily relates to real estate consolidation.

On May 24, 2016, the Company announced plans for a tax-free spin-off and merger of its Enterprise Services business with Computer Sciences Corporation (''CSC''). The completion of the transaction will result in

Note 3: Restructuring (Continued)

lower costs being incurred by the Company in connection with the 2015 Plan, the extent of which will depend on a number of factors including the exact closing date.

Fiscal 2012 Restructuring Plan

On May 23, 2012, former Parent adopted a multi-year restructuring plan (the ''2012 Plan'') designed to simplify business processes, accelerate innovation and deliver better results for customers, employees and stockholders. As of October 31, 2015, the Company had eliminated 42,100 positions in connection with the 2012 Plan, with a portion of those employees exiting the Company as part of voluntary enhanced early retirement (''EER'') programs in the U.S. and in certain other countries. As of October 31, 2016, the plan is substantially complete, with no further positions being eliminated. During fiscal 2016, the Company recorded severance charges of $88 million and infrastructure charges of $1 million, respectively, as a result of a change in the estimate of expected cash payouts. The Company recognized $4.5 billion in total aggregate charges in connection with the 2012 Plan, with approximately $4.0 billion related to workforce reductions, including the EER programs, and $546 million related to infrastructure, including data center and real estate consolidation and other items. The severance- and infrastructure-related cash payments associated with the 2012 Plan are expected to be paid out through fiscal 2021.

Other Plans

As of October 31, 2016, restructuring plans initiated by former Parent in fiscal 2008 and 2010 are substantially complete. Severance- and infrastructure-related cash payments associated with these plans are expected to be paid out through fiscal 2019.

Note 4: Retirement and Post-Retirement Benefit Plans

Defined Benefit Plans

The Company sponsors defined benefit pension plans worldwide, the most significant of which are in the UK. There are three pension plans in the UK which are all closed to new entrants, but under which, members continue to earn benefit accruals. Two of these plans provide pension benefits to employees predominately within the Enterprise Services segment, the remaining plan provides pension benefits to employees within the remaining HPE segments. All of these plans provide benefits based on final pay and years of service and generally require contributions from members. These plans are accounted for as single employer benefit plans. The net benefit plan obligations and the related benefit plan expense for these plans have been recorded in the Company's Consolidated and Combined Financial Statements for fiscal 2016.

Prior to October 31, 2015, and with the exception of certain defined benefit pension plans of which the Company was the sole sponsor, certain Hewlett Packard Enterprise eligible employees, retirees and other former employees participated in certain U.S. and international defined benefit pension plans offered by former Parent. These plans, which included participants of both Company employees and employees of former Parent, were accounted for as multiemployer benefit plans and the related net benefit plan obligations were not included in the Company's Combined and Consolidated Balance Sheets through July 31, 2015. The related benefit plan expense was allocated to the Company based on the Company's labor costs and allocations of corporate and other shared functional personnel. Former Parent contributions to these Shared plans were $518 million in fiscal 2015 and $277 million in fiscal 2014.

In connection with the Separation, during the three months ended October 31, 2015, former Parent transferred plan assets and liabilities primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees to the Company. As a result, in the fourth quarter of fiscal 2015, plan assets of $11.7 billion, a benefit obligation of $11.9 billion and an accumulated other comprehensive loss of $2.6 billion, primarily related to non-U.S. defined benefit pension plans, were assumed and recorded by the Company. The net benefit plan obligations transferred were remeasured on the date of transfer resulting in an

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

additional loss of $553 million recognized in Accumulated other comprehensive loss for the three months ended October 31, 2015.

Post-Retirement Benefit Plans

The Company sponsors retiree health and welfare benefit plans, the most significant of which is in the U.S. Generally, employees hired before August 2008 are eligible for employer credits under the Hewlett Packard Enterprise Retirement Medical Savings Account Plan (''RMSA'') upon attaining age 45. Employer credits to the RMSA available after September 2008 are provided in the form of matching credits on employee contributions made to a voluntary employee beneficiary association. Upon retirement, employees may use these employer credits for the reimbursement of certain eligible medical expenses.

Prior to July 31, 2015, former Parent sponsored retiree health and welfare benefit plans, the most significant of which were in the U.S. All of these plans were accounted for as multiemployer benefit plans. The Company recognized post-retirement benefit credits of $28 million in fiscal 2015 and $18 million in fiscal 2014 in the Combined and Consolidated Statements of Earnings.

In connection with the Separation, during the three months ended October 31, 2015, the former Parent transferred a benefit obligation of $150 million, plan assets of $40 million and accumulated other comprehensive income of $10 million, primarily associated with Hewlett Packard Enterprise eligible employees, retirees and other former employees to the Company.

Defined Contribution Plans

The Company offers various defined contribution plans for U.S. and non-U.S. employees. Prior to the Separation, former Parent offered various defined contribution plans for U.S. and non-U.S. employees. The Company's defined contribution expense was approximately $438 million in fiscal 2016, $450 million in fiscal 2015 and $480 million in fiscal 2014. Prior to the Separation, U.S. employees were automatically enrolled in the Hewlett-Packard Company 401(k) Plan (''HP 401(k) Plan'') when they met eligibility requirements, unless they declined participation. The quarterly employer matching contributions in the HP 401(k) Plan were 100% of an employee's contributions, up to a maximum of 4% of eligible compensation. Effective November 1, 2015, the Company's active employees became eligible to participate in the newly created Hewlett Packard Enterprise Company 401(k) Plan. Effective January 1, 2017, the annual employer matching contributions in the updated HPE 401(k) Plan will be 50% of an employee's contributions, up to a maximum of 6% of eligible compensation. Prior to the amendment, the quarterly employer matching contributions in the HPE 401(k) Plan were 100% of an employee's contributions, up to a maximum of 4% of eligible compensation.

Pension Benefit Expense

The Company's total net pension benefit cost recognized in the Consolidated and Combined Statements of Earnings was $140 million in fiscal 2016, $341 million in fiscal 2015 and $142 million in fiscal 2014. The amounts for fiscal 2015 and fiscal 2014 include $201 million and $6 million, respectively, of related benefit plan expenses that were allocated to the Company by former Parent for multiemployer pension plans.

In January 2015, former Parent offered certain terminated vested participants of the U.S. HP Pension Plan (a Shared plan) a one-time voluntary window during which they could elect to receive their pension benefit as a lump sum payment. As a result, the former Parent pension plan trust made lump sum payments to eligible participants who elected to receive their pension benefit under this lump sum program. The defined benefit plan settlement charges of $225 million recorded in the Combined and Consolidated Statement of Earnings for the year ended October 31, 2015 primarily include settlement expenses and additional net periodic benefit costs resulting from this lump sum program incurred by former Parent, which was determined to be directly attributable to the Company, and the impact of the remeasurement of the related U.S. defined benefit plans.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The Company's net pension and post-retirement benefit costs that were directly attributable to the eligible employees, retirees and other former employees of Hewlett Packard Enterprise and recognized in the Consolidated and Combined Statements of Earnings for fiscal 2016, 2015 and 2014 are presented in the table below. In addition, the table includes costs related to the plans transferred from former Parent in the fourth quarter of fiscal 2015.

	For the fiscal years ended October 31,								
	2016	2015	2014	2016	2015	2014	2016	2015	2014
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	In millions								
Service cost	$—	$—	$—	$ 254	$ 121	$ 74	$ 3	$—	$—
Interest cost	—	16	15	549	337	283	6	1	—
Expected return on plan assets	—	—	—	(983)	(570)	(364)	(2)	—	—
Amortization and deferrals:									
Actuarial loss	—	2	2	311	218	82	(3)	—	—
Prior service benefit	—	—	—	(24)	(6)	(2)	—	(1)	—
Net periodic benefit cost	—	18	17	107	100	73	4	—	—
Curtailment gain	—	—	—	(5)	—	(1)	—	—	—
Settlement loss	—	—	—	9	4	8	—	—	—
Special termination benefits	—	—	—	25	18	39	—	—	—
Net benefit cost	$—	$ 18	$ 17	$ 136	$ 122	$ 119	$ 4	$—	$—

The weighted-average assumptions used to calculate net pension benefit cost for Direct plans in fiscal 2016, 2015 and 2014 and for costs related to the plans transferred from former Parent in the fourth quarter of fiscal 2015 were as follows:

	For the fiscal years ended October 31,								
	2016	2015	2014	2016	2015	2014	2016	2015	2014
	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
Discount rate	3.8%	4.4%	4.8%	3.0%	3.0%	4.2%	4.6%	4.7%	—
Expected increase in compensation levels	2.0%	—	—	2.5%	2.4%	2.8%	—	—	—
Expected long-term return on plan assets	—	—	—	6.2%	6.9%	7.8%	4.0%	—	—

Prior to October 31, 2016, the Company estimated the service and interest cost components using a single weighted-average discount rate derived from the yield curves used to measure the benefit obligation. Beginning in fiscal 2017, the Company will change its method used to estimate the service and interest cost components of net periodic benefit cost for defined benefit plans that use the yield curve approach, which represent substantially all of defined benefit plans. The Company has elected to use a full yield curve approach in the estimation of these components of benefit cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The Company will make this change to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. The Company will account for this change as a change in estimate that is inseparable from a change in accounting principle and will account for it prospectively beginning in fiscal 2017.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Funded Status

The funded status of the plans was as follows:

	As of October 31,					
	2016	2015	2016	2015	2016	2015
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
			In millions			
Change in fair value of plan assets:						
Fair value—beginning of year	$—	$—	$16,624	$ 5,098	$ 40	$—
Transfer from former Parent[1]	—	—	—	11,667	—	40
Acquisition/divestiture/addition/deletion of plans[2]	—	—	138	(4)	—	—
Actual return on plan assets	—	—	2,104	512	1	—
Employer contributions	—	21	328	132	3	1
Participant contributions	—	—	41	7	6	—
Benefits paid	—	(21)	(518)	(273)	(3)	(1)
Settlement	—	—	(33)	(8)	—	—
Currency impact	—	—	(2,022)	(507)	—	—
Fair value—end of year	—	—	16,662	16,624	47	40
Change in benefit obligation:						
Projected benefit obligation—beginning of year	7	370	19,439	7,335	139	—
Merged into former Parent's Shared plan[3]	—	(365)	—	—	—	—
Transfer from former Parent[1]	—	7	—	12,262	—	150
Acquisition/divestiture/addition/deletion of plans[2]	—	—	(20)	(3)	—	—
Service cost	—	—	254	121	3	—
Interest cost	—	16	549	337	6	1
Participant contributions	—	—	41	7	6	—
Actuarial loss (gain)	—	—	3,018	409	6	(10)
Benefits paid	—	(21)	(518)	(273)	(3)	(1)
Plan amendments	—	—	1	(82)	—	—
Curtailment	—	—	(18)	—	—	—
Settlement	—	—	(33)	(8)	—	—
Special termination benefits	—	—	25	18	—	—
Currency impact	—	—	(2,374)	(684)	1	(1)
Projected benefit obligation—end of year	7	7	20,364	19,439	158	139
Funded status at end of year	$ (7)	$ (7)	$ (3,702)	$ (2,815)	$(111)	$ (99)
Accumulated benefit obligation	$ 7	$ 7	$19,829	$18,706	$—	$—

[1] In fiscal 2015, in connection with the Separation, former Parent transferred plan assets and liabilities from former Parent's shared plans to established Company plans.

[2] Primarily attributable to a business divestiture of outsourcing services in Germany and a Netherlands plan data review that transferred HPI retirees to HPE.

[3] In October 2015, the Company transferred three unfunded non-qualified U.S. defined benefit plans to HPI.

The weighted-average assumptions used to calculate the projected benefit obligations were as follows:

	For the fiscal years ended October 31,					
	2016	2015	2016	2015	2016	2015
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
Discount rate	3.2%	3.8%	2.0%	3.0%	4.2%	4.6%
Expected increase in compensation levels	2.0%	2.0%	2.4%	2.5%	—	—

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

The net amounts recognized for defined benefit and post-retirement benefit plans in the Company's Consolidated Balance Sheets were as follows:

	As of October 31,					
	2016	2015	2016	2015	2016	2015
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	In millions					
Noncurrent assets	$—	$—	$ 378	$ 495	$ —	$—
Current liabilities	(2)	(2)	(43)	(38)	(3)	(3)
Noncurrent liabilities	(5)	(5)	(4,037)	(3,272)	(108)	(96)
Funded status at end of year	$ (7)	$ (7)	$(3,702)	$(2,815)	$(111)	$(99)

The following table summarizes the pre-tax net actuarial loss and prior service benefit recognized in Accumulated other comprehensive loss for the defined benefit plans:

	As of October 31, 2016		
	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
Net actuarial loss (gain)	$—	$5,800	$ (9)
Prior service benefit	—	(184)	—
Total recognized in accumulated other comprehensive loss	$—	$5,616	$ (9)

The following table summarizes the net actuarial loss and prior service benefit for plans that are expected to be amortized from Accumulated other comprehensive loss and recognized as components of net periodic benefit cost (credit) during the next fiscal year.

	As of October 31, 2016		
	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
Net actuarial loss (gain)	$—	$446	$ (3)
Prior service benefit	—	(24)	—
Total expected to be recognized in net periodic benefit cost (credit)	$—	$422	$ (3)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31,			
	2016	2015	2016	2015
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$—	$—	$10,508	$ 8,510
Aggregate projected benefit obligation	$ 7	$ 7	$14,587	$11,820

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	As of October 31,			
	2016	2015	2016	2015
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	In millions			
Aggregate fair value of plan assets	$—	$—	$10,171	$ 8,449
Aggregate accumulated benefit obligation	$ 7	$ 7	$13,765	$11,195

Fair Value of Plan Assets

The Company pays the U.S. defined benefit plan obligations when they come due since these plans are unfunded. The table below sets forth the fair value of non-U.S defined benefit plan assets by asset category within the fair value hierarchy as of October 31, 2016 and 2015.

	As of October 31, 2016				As of October 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Asset Category:								
Equity securities								
U.S.	$ 706	$ 34	$—	$ 740	$ 772	$ 65	—	$ 837
Non-U.S.	1,022	227	84	1,333	1,910	408	68	2,386
Debt securities								
Corporate	—	2,558	—	2,558	—	2,646	—	2,646
Government[1]	—	805	—	805	—	843	—	843
Alternative investments								
Private Equity[2]	—	4	68	72	—	1	68	69
Hybrids[3]	—	458	—	458	—	2,576	—	2,576
Hybrids at NAV[4]				2,851				343
Hedge Funds[5]	—	148	87	235	11	73	236	320
Common Contractual Funds at NAV[6]								
Equities at NAV				3,125				2,821
Fixed Income at NAV				948				993
Emerging Markets at NAV				955				844
Alternative investments at NAV				367				297
Real Estate Funds	215	269	307	791	447	33	571	1,051
Insurance Group Annuity Contracts	—	38	63	101	—	48	69	117
Cash and Cash Equivalents[7]	1,061	—	—	1,061	372	—	—	372
Other[8]	71	69	122	262	61	13	35	109
Total	$3,075	$4,610	$731	$16,662	$3,573	$6,706	$1,047	$16,624

[1] Includes debt issued by national, state and local governments and agencies.

[2] Includes limited partnerships such as equity, buyout, venture capital, real estate, and other similar funds that invest in the U.S. and internationally where foreign currencies are hedged.

[3] Includes a fund that invests in both private and public equities primarily in the U.S. and the United Kingdom, as well as emerging markets across all sectors. The fund also holds fixed income and derivative instruments to hedge interest rate and inflation risk. In addition, the fund includes units in transferable securities, collective investment schemes, money market funds, cash, and deposits.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

[4] Includes pooled funds that invest:

a. in government bonds and derivative instruments such as interest rate swaps, future contracts and repurchase agreements with the objective to provide nominal and/or inflation-linked returns ($2,478 million and $0 million at October 31, 2016 and 2015, respectively);

b. in various worldwide equity index funds with the objective to provide returns that are consistent with the FTSE All World Developed Index ($373 million and $343 million at October 31, 2016 and 2015, respectively).

While the funds are not publicly traded, the custodian strikes a net asset value at least monthly. There are no redemption restrictions or future commitments on these investments.

[5] Includes limited partnerships that invest both long and short primarily in common stocks and credit, relative value, event driven equity, distressed debt and macro strategies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and bonds, and from a net long position to a net short position.

[6] HP Invest Common Contractual Fund (CCF) is an investment arrangement in which institutional investors pool their assets. Units may be acquired in six different sub-funds focused on equities, fixed income, alternative investments, and emerging markets. Each sub-fund is invested in accordance with the fund's investment objective and units are issued in relation to each sub-fund. While the sub-funds are not publicly traded, the custodian strikes a net asset value either once or twice a month, depending on the sub-fund. There are no redemption restrictions or future commitments on these investments.

[7] Includes cash and cash equivalents such as short-term marketable securities.

[8] Includes international insured contracts, derivative instruments and unsettled transactions.

Post-retirement benefit plan assets of $47 million and $40 million as of October 31, 2016 and 2015, respectively, were invested in publicly traded registered investment entities and were classified within Level 1 of the fair value hierarchy.

Changes in fair value measurements of Level 3 investments for the non-U.S. defined benefit plans were as follows:

	Fiscal year ended October 31, 2016						
		Alternative Investments					
	Equity Securities Non-U.S.	Private Equity	Hedge Funds	Real Estate Funds	Insurance Group Annuities	Other	Total
	In millions						
Balance at beginning of year	$ 68	$ 68	$ 236	$ 571	$69	$ 35	$1,047
Actual return on plan assets:							
Relating to assets held at the reporting date	16	(1)	(35)	(96)	(2)	(1)	(119)
Relating to assets sold during the period	—	4	—	—	(3)	—	1
Purchases, sales, and settlements	—	(3)	(11)	2	(3)	82	67
Transfers in and/or out of Level 3	—	—	(103)	(170)	2	6	(265)
Balance at end of year	$ 84	$ 68	$ 87	$ 307	$63	$122	$ 731

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

	Fiscal year ended October 31, 2015						
		Alternative Investments					
	Equity Securities Non-U.S.	Private Equity	Hedge Funds	Real Estate Funds	Insurance Group Annuities	Other	Total
	In millions						
Balance at beginning of year	$—	$28	$—	$336	$ 5	$—	$ 369
Transfer from former Parent[1]	81	19	192	23	58	34	407
Actual return on plan assets:							
Relating to assets held at the reporting date	(13)	(1)	7	23	4	1	21
Relating to assets sold during the period	—	5	—	—	—	—	5
Purchases, sales, and settlements	—	10	36	15	—	—	61
Transfers in and/or out of Level 3	—	7	1	174	2	—	184
Balance at end of year	$ 68	$68	$236	$571	$ 69	$ 35	$1,047

[1] In connection with the Separation, former Parent transferred plan assets from former Parent's shared plans to established Company plans.

During the period ended October 31, 2016, the Company adopted the amendment to the existing accounting standards for fair value measurements issued by the FASB in May 2015, and elected to apply it on a retrospective basis. This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. See Note 1, ''Overview and Basis of Presentation'', for more details.

The following is a description of the valuation methodologies used to measure plan assets at fair value.

Investments in publicly traded equity securities are valued using the closing price on the measurement date as reported on the stock exchange on which the individual securities are traded. For corporate, government and asset-backed debt securities, fair value is based on observable inputs of comparable market transactions. For corporate and government debt securities traded on active exchanges, fair value is based on observable quoted prices. The valuation of alternative investments, such as limited partnerships and joint ventures, may require significant management judgment. For alternative investments, valuation is based on fair value as reported by the asset manager and adjusted for cash flows, if necessary. In making such an assessment, a variety of factors are reviewed by management, including, but not limited to, the timeliness of fair value as reported by the asset manager and changes in general economic and market conditions subsequent to the last fair value reported by the asset manager. Depending on the amount of management judgment, the lack of near-term liquidity, and the absence of quoted market prices, these assets are classified in Level 2 or Level 3 of the fair value hierarchy.

Further, depending on how quickly the Company can redeem its hedge fund investments, and the extent of any adjustments to fair value, hedge funds are classified in either Level 2 or Level 3 of the fair value hierarchy. The valuation for some of these assets requires judgment due to the absence of quoted market prices, and these assets are generally classified in either Level 2 or Level 3 of the fair value hierarchy. Cash and cash equivalents includes money market funds, which are valued based on cost, which approximates fair value. Other assets, including insurance group annuity contracts, were classified in the fair value hierarchy based on the lowest level input (e.g., quoted prices and observable inputs) that is significant to the fair value measure in its entirety.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

Plan Asset Allocations

The weighted-average target and actual asset allocations across the benefit plans at the respective measurement dates for the non-U.S. defined benefit plans and post-retirement benefit plan were as follows:

	Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	2016 Target Allocation	Plan Assets		2016 Target Allocation	Plan Assets	
Asset Category		2016	2015		2016	2015
Public equity securities		38.3%	43.4%		—	—
Private/other equity securities		22.5%	19.8%		—	—
Real estate and other		6.3%	7.0%		—	—
Equity-related investments	64.7%	67.1%	70.2%	—	—	—
Debt securities	34.5%	26.5%	27.6%	90.0%	90.2%	97.2%
Cash and cash equivalents	0.8%	6.4%	2.2%	10.0%	9.8%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Investment Policy

The Company's investment strategy is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan and the timing of expected benefit payments. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and the Company may utilize derivatives to effect asset allocation changes or to hedge certain investment or liability exposures.

Outside the U.S., asset allocation decisions are typically made by an independent board of trustees for the specific plan. Investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries, local regulations may restrict asset allocations, typically leading to a higher percentage of investment in fixed income securities than would otherwise be deployed. The Company reviews the investment strategy and provides a recommended list of investment managers for each country plan, with final decisions on asset allocation and investment managers made by the board of trustees for the specific plan.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on plan assets reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix. Expected asset returns reflect the current yield on government bonds, risk premiums for each asset class and expected real returns, which considers each country's specific inflation outlook. Because the Company's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the expected returns are adjusted to reflect the expected additional returns, net of fees.

Future Contributions and Funding Policy

In fiscal 2017, the Company expects to contribute approximately $348 million to its non-U.S. pension plans. In addition, the Company expects to contribute approximately $2 million to cover benefit payments to U.S. non-qualified plan participants. The Company expects to pay approximately $3 million to cover benefit claims for its post-retirement benefit plans. These amounts do not include pension funding the Company is obligated to make related to the spin-off and merger of the Enterprise Services business with CSC. The Company's policy is to fund its pension plans so that it makes at least the minimum contribution required by local government, funding and taxing authorities.

Note 4: Retirement and Post-Retirement Benefit Plans (Continued)

In connection with the Company's plan for a tax-free spin-off and merger of its Enterprise Services business with CSC, there will be a transfer of unfunded pension liabilities for certain pension plans to the Company's Enterprise Services business. As of October 31, 2016, the transfer is targeted to be completed on or around April 1, 2017. The approximate net pension liability to be transferred is pursuant to the transaction agreements, wherein the Company is obligated to fund the transferred net pension liability in excess of $570 million. The Company currently estimates the total funding amount to be in the range of $2.0 billion to $3.0 billion. While the exact amount will not be known until the transaction completion date, in December 2016 the Company made initial funding payments of $1.9 billion.

Estimated Future Benefits Payments

As of October 31, 2016, estimated future benefits payments for the Company's retirement plans were as follows:

Fiscal year	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
2017	$ 2	$ 527	$ 4
2018	—	505	5
2019	1	542	6
2020	—	579	7
2021	1	608	8
Next five fiscal years to October 31, 2026	2	3,515	54

The table above includes benefit payments from pension plans transferring to CSC as part of the spin-off and merger of the Company's Enterprise Services business with CSC.

Note 5: Stock-Based Compensation

Prior to the Separation, certain of the Company's employees participated in stock-based compensation plans sponsored by former Parent. Former Parent's stock-based compensation plans included incentive compensation plans (''former Parent's Plan'') and an employee stock purchase plan (''former Parent's ESPP''). All awards granted under the plans were based on former Parent's common shares and, as such, the award activity is not reflected in the Company's Consolidated and Combined Financial Statements. For the fiscal years ended October 31, 2015 and 2014, stock-based compensation expense includes expense attributable to the Company based on the awards and terms previously granted under the incentive compensation plan to the Company's employees and an allocation of former Parent's corporate and shared functional employee expenses. Accordingly, the amounts presented for fiscal 2015 and 2014 are not necessarily indicative of future awards and do not necessarily reflect the results that the Company would have experienced as an independent, publicly-traded company. The share and per share data for fiscal 2015 and 2014 presented in this note has not been adjusted to reflect the impact of the Separation.

In conjunction with the Separation, the Company adopted the Hewlett Packard Enterprise Company 2015 Stock Incentive Plan (the ''Plan'') and the Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan (the ''ESPP''). The Plan and the ESPP became effective November 1, 2015. The total number of shares of the Company's common stock authorized under the Plan and the ESPP was 260 million and 80 million, respectively. The Plan provides for the grant of various types of awards including restricted stock awards, stock options, and performance-based awards.

In connection with the Separation and in accordance with the Employee Matters Agreement between HP Inc. and the Company, the Company's employees with outstanding former Parent stock-based awards received replacement stock-based awards under the Plan at Separation. The value of the replacement stock-based awards was designed to generally preserve the intrinsic value of the replaced awards immediately prior

Note 5: Stock-Based Compensation (Continued)

to the Separation. The incremental expense incurred by the Company was not material. Also in conjunction with the Separation, the Company granted one-time retention stock awards to certain executives, with a total grant date fair value of approximately $137 million. These awards vest over three years from the grant date.

Stock-Based Compensation Expense and Related Income Tax Benefits

Stock-based compensation expense and the resulting tax benefits recognized by the Company were as follows:

	Fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Stock-based compensation expense	$ 597	$ 565	$ 427
Income tax benefit	(181)	(165)	(141)
Stock-based compensation expense, net of tax	$ 416	$ 400	$ 286

In May 2016, in connection with the announcement of the spin-off and merger of the Company's Enterprise Services business with CSC, the Company modified its stock-based compensation program such that certain unvested equity awards outstanding on May 24, 2016 will vest upon the earlier of: (i) the termination of an employee's employment with HPE as a direct result of an announced sale, divestiture or spin-off of a subsidiary, division or other business; (ii) the termination of an employee's employment by HPE without cause; or (iii) June 1, 2018. This modification also includes changes to the performance and market conditions of certain performance-based awards. As a result, for the year ended October 31, 2016, stock-based compensation expense in the table above includes pre-tax expense of $31 million, which has been recorded within Separation costs in the Consolidated and Combined Statements of Earnings. Additionally, for the year ended October 31, 2016, stock-based compensation expense in the table above includes pre-tax expense of $8 million related to workforce reductions, which has been recorded within Restructuring charges in the Consolidated and Combined Statements of Earnings.

In connection with the Separation, former Parent's Board of Directors approved amendments to certain outstanding long-term incentive awards on July 29, 2015. The amendments provided for the accelerated vesting on September 17, 2015 of certain stock-based awards that were otherwise scheduled to vest between September 18, 2015 and December 31, 2015. The incremental pre-tax stock-based compensation expense due to the acceleration was approximately $61 million in fiscal 2015.

Stock-based compensation expense includes an allocation of former Parent's corporate and shared functional employee expenses of $151 million and $113 million in fiscal 2015 and 2014, respectively.

Cash received from option exercises and purchases under the Company's ESPP was $119 million in fiscal 2016. The benefit realized for the tax deduction from option exercises in fiscal 2016 was $21 million. Cash received from option exercises and purchases by Company employees under former Parent's ESPP was $165 million in fiscal 2015 and $154 million in fiscal 2014. The benefit realized for the tax deduction from option exercises in fiscal 2015 and 2014 was $45 million and $42 million, respectively.

Restricted Stock Awards

Restricted stock awards are unvested stock awards that may include grants of restricted stock or restricted stock units. Restricted stock awards and cash-settled awards are generally subject to forfeiture if employment terminates prior to the lapse of the restrictions. Such awards generally vest one to three years from the date of grant. During the vesting period, ownership of the restricted stock cannot be transferred. Restricted stock has the same dividend and voting rights as common stock and is considered to be issued and

Note 5: Stock-Based Compensation (Continued)

outstanding upon grant. The dividends paid on restricted stock are non-forfeitable. Restricted stock units have forfeitable dividend equivalent rights equal to the dividend paid on common stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying restricted stock units are not considered issued and outstanding upon grant. The fair value of the restricted stock awards is the close price of the Company's common stock on the grant date of the award. The Company expenses the fair value of restricted stock awards ratably over the period during which the restrictions lapse.

For fiscal 2016, the activity summarized in the table below is related to restricted stock held by Company employees under the Plan. For fiscal 2015 and 2014, the activity summarized in the table below is related to restricted stock held by Company employees under former Parent's Plans.

	Fiscal years ended October 31,					
	2016		2015		2014	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands		In thousands	
Outstanding at beginning of year	—	$—	24,496	$24	18,170	$20
Converted from former Parent's plan	42,012	$15	—	$—	—	$—
Granted and assumed through acquisition[1]	32,752	$15	19,601	$35	15,820	$28
Vested	(12,747)	$15	(21,860)	$26	(7,893)	$24
Forfeited	(4,696)	$15	(1,819)	$30	(1,601)	$22
Employee transition[2]	—	$—	3,982	$33	—	$—
Outstanding at end of year	57,321	$15	24,400	$32	24,496	$24

[1] Includes a one-time restricted stock unit retention grant of approximately 5 million shares in fiscal 2016.

[2] The Employee transition amounts consist of restricted stock award activity for employees transitioning between the Company and former Parent.

In fiscal 2015, approximately 8 million shares of restricted stock units were assumed through acquisition with a weighted-average grant date fair value of $33 per share.

The total grant date fair value of restricted stock awards vested for Company employees in fiscal 2016, 2015 and 2014 was $130 million, $451 million and $128 million, respectively, net of taxes. As of October 31, 2016, there was $463 million of unrecognized pre-tax stock-based compensation expense related to unvested restricted stock awards, which the Company expects to recognize over the remaining weighted-average vesting period of 1.2 years.

Stock Options

Stock options granted under the Company's principal equity plans are generally non-qualified stock options, but the principal equity plans permitted some options granted to qualify as incentive stock options under the U.S. Internal Revenue Code. Stock options generally vest over three to four years from the date of grant. The exercise price of a stock option is equal to the closing price of the Company's common stock on the option grant date. The majority of the stock options issued by the Company contain only service vesting conditions. The Company also issued, to a lesser extent, performance-contingent stock options that vest only on the satisfaction of both service and market conditions.

Note 5: Stock-Based Compensation (Continued)

The Company and former Parent utilize the Black-Scholes-Merton option pricing formula to estimate the fair value of stock options subject to service-based vesting conditions. The Company and former Parent estimate the fair value of stock options subject to performance-contingent vesting conditions using a combination of a Monte Carlo simulation model and a lattice model, as these awards contain market conditions. The weighted-average fair value and the assumptions used to measure fair value were as follows:

	Fiscal years ended October 31,		
	2016	2015	2014
Weighted-average fair value[1]	$ 4	$ 8	$ 7
Expected volatility[2]	31.1%	26.8%	33.1%
Risk-free interest rate[3]	1.7%	1.7%	1.8%
Expected dividend yield[4]	1.5%	1.8%	2.1%
Expected term in years[5]	5.4	5.9	5.7

[1] For fiscal 2016, the weighted-average fair value was based on stock options granted under the Plan during the period. For fiscal 2015 and 2014, the weighted-average fair value was based on stock options granted under former Parent's Plan during the respective periods.

[2] For options granted in fiscal 2016, expected volatility was estimated using the average historical volatility of selected peer companies. For options granted in fiscal 2015, expected volatility was estimated using the implied volatility derived from options traded on former Parent's common stock. For options granted in fiscal 2014, expected volatility for options subject to service-based vesting was estimated using the implied volatility derived from options traded on former Parent's common stock, whereas for performance-contingent options, expected volatility was estimated using the historical volatility of former Parent's common stock.

[3] The risk-free interest rate was estimated based on the yield on U.S. Treasury zero-coupon issues.

[4] The expected dividend yield represents a constant dividend yield applied for the duration of the expected term of the option.

[5] For options granted in fiscal 2016 subject to service-based vesting, the expected term was estimated using the simplified method detailed in SEC Staff Accounting Bulletin No. 110. For options granted in fiscal 2015 and 2014 subject to service-based vesting, the expected term was estimated using historical exercise and post-vesting termination patterns. For performance-contingent options, the expected term represents an output from the lattice model.

For fiscal 2016, the activity summarized in the table below is related to stock options held by Company employees under the Plan. For fiscal 2015 and 2014, the activity summarized in the table below is related to stock options held by Company employees under former Parent's Plan.

	Fiscal years ended October 31,											
	2016				2015				2014			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year	—	$—			24,472	$27			37,433	$26		
Converted from former Parent's plan	42,579	$15			—	$—			—	$—		
Granted and assumed through acquisitions[1]	25,390	$15			3,147	$37			4,255	$28		
Exercised	(7,845)	$11			(5,716)	$18			(5,533)	$18		
Forfeited/cancelled/expired	(2,626)	$20			(7,116)	$40			(11,683)	$37		
Employee transition[2]	—	$—			11,391	$26			—	$—		
Outstanding at end of year	57,498	$15	5.4	$437	26,178	$26	5.2	$115	24,472	$27	4.2	$272
Vested and expected to vest at end of year	55,716	$15	5.3	$425	25,309	$26	5.2	$115	23,152	$27	4.0	$252
Exercisable at end of year	26,204	$13	3.8	$241	18,767	$23	4.7	$109	14,174	$31	2.5	$119

[1] Includes one-time stock option retention grant of approximately 16 million shares in fiscal 2016.

[2] Employee transition amounts consist of option activity for employees transitioning between the Company and former Parent.

Note 5: Stock-Based Compensation (Continued)

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that Company employee option holders would have realized had all option holders exercised their options on the last trading day of fiscal 2016, 2015 and 2014. For fiscal 2016, the aggregate intrinsic value is the difference between the Company's closing common stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. For fiscal 2015 and 2014, the aggregate intrinsic value is the difference between former Parent's closing stock price on the last trading day of the fiscal year and the exercise price, multiplied by the number of in-the-money options. The total intrinsic value of options exercised in fiscal 2016, 2015 and 2014 was $62 million, $94 million and $78 million, respectively. The total grant date fair value of options granted which vested in fiscal 2016, 2015 and 2014 was $18 million, $38 million and $46 million, respectively, net of taxes.

The following table summarizes significant ranges of outstanding and exercisable stock options:

	As of October 31, 2016				
	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Term	Weighted-Average Exercise Price	Shares Exercisable	Weighted-Average Exercise Price
	In thousands	In years		In thousands	
$0-$9.99	7,321	3.7	$ 8	8,905	$ 8
$10-$19.99	39,881	5.7	$15	13,289	$14
$20-$29.99	10,296	5.2	$21	4,010	$22
	57,498	5.4	$15	26,204	$13

As of October 31, 2016, there was $58 million of unrecognized pre-tax stock-based compensation expense related to stock options, which the Company expects to recognize over the remaining weighted-average vesting period of 1.8 years.

Employee Stock Purchase Plan

The ESPP allows eligible employees to contribute up to 10% of their eligible compensation to purchase Hewlett Packard Enterprise's common stock. The ESPP provides for a discount not to exceed 15% and an offering period up to 24 months. The Company currently offers 6 month offering periods during which employees have the ability to purchase shares at 95% of the closing market price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases, as the criteria of a non-compensatory plan were met.

Prior to the Separation, former Parent sponsored the ESPP, pursuant to which eligible employees could contribute up to 10% of their eligible compensation, subject to certain income limits, to purchase shares of former Parent's common stock. Pursuant to the terms of the ESPP, employees purchased stock under the ESPP at a price equal to 95% of former Parent's closing stock price on the purchase date. No stock-based compensation expense was recorded in connection with those purchases because the criteria of a non-compensatory plan were met.

Note 6: Taxes on Earnings

Prior to the Separation, Hewlett Packard Enterprise's operating results were included in former Parent's various consolidated U.S. federal and state income tax returns, as well as non-U.S. tax filings. For the purposes of the Company's Consolidated and Combined Financial Statements for periods prior to the Separation, income tax expense and deferred tax balances have been recorded as if the Company filed tax

Note 6: Taxes on Earnings (Continued)

returns on a standalone basis separate from former Parent. The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for fiscal 2015 and prior.

Provision for Taxes

The domestic and foreign components of earnings before taxes were as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
	In millions		
U.S.	$ (368)	$ 192	$ 878
Non-U.S.	4,447	1,278	1,366
	$4,079	$1,470	$2,244

The provision for (benefit from) taxes on earnings were as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
	In millions		
U.S. federal taxes:			
Current	$ 1,133	$ 1,647	$ 481
Deferred	(1,162)	(3,508)	(460)
Non-U.S. taxes:			
Current	1,085	492	375
Deferred	35	527	197
State taxes:			
Current	72	47	45
Deferred	(245)	(196)	(42)
	$ 918	$ (991)	$ 596

The differences between the U.S. federal statutory income tax rate and the Company's effective tax rate were as follows:

	For the fiscal years ended October 31,		
	2016	2015	2014
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	(0.4)%	14.1%	2.4%
Lower rates in other jurisdictions, net	(26.8)%	(53.6)%	(9.6)%
Valuation allowance	(5.8)%	(75.7)%	3.2%
Uncertain tax positions	23.7%	5.8%	(0.7)%
Other, net	(3.2)%	7.0%	(3.7)%
	22.5%	(67.4)%	26.6%

The jurisdictions with favorable tax rates that had the most significant impact on the Company's effective tax rate in the periods presented include Puerto Rico, China and Singapore. The Company plans to reinvest earnings of these jurisdictions indefinitely outside the U.S., and therefore has not provided for U.S. taxes on those indefinitely reinvested earnings.

Note 6: Taxes on Earnings (Continued)

In fiscal 2016, the Company recorded $249 million of net income tax charges related to items unique to the year. These amounts primarily included $714 million of income tax charges related to pre-Separation tax matters, of which $647 million is related to the effect of the potential settlement of certain pre-Separation Hewlett-Packard Company income tax liabilities, and $169 million of income tax charges resulting from a gain on H3C divestiture, the effects of which were partially offset by $270 million of income tax benefits on Acquisition and other related charges, and Separation costs, $212 million of income tax benefits on restructuring charges, and $124 million of income tax benefits resulting from a gain on MphasiS divestiture.

In fiscal 2015, the Company recorded $1.6 billion of net income tax benefits related to items unique to the year. These amounts primarily included $1.8 billion of income tax benefits due to the release of valuation allowances pertaining to certain U.S. deferred tax assets, $447 million of income tax benefits related to restructuring and Separation-related costs, and $131 million of income tax benefits related to uncertain tax positions, the effects of which were partially offset by $486 million of tax charges to record valuation allowances on certain foreign deferred tax assets and $217 million of income tax charges related to state tax impacts of the separation of deferred taxes under the Separate Return Method.

In fiscal 2014, the Company recorded $113 million of net income tax benefits related to items unique to the year. These amounts included $66 million of income tax benefits related to provision to return adjustments and $35 million of income tax benefits related to state rate changes.

As a result of certain employment actions and capital investments the Company has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2024. The gross income tax benefits attributable to these actions and investments were estimated to be $401 million ($0.23 diluted net EPS) in fiscal 2016, $260 million ($0.14 diluted net EPS) in fiscal 2015 and $546 million ($0.30 diluted net EPS) in fiscal 2014. For comparative purposes, the number of shares used to compute the diluted net EPS as of October 31, 2015 is used for calculation of diluted net EPS as of October 31, 2014. Refer Note 16, ''Net Earnings Per Share'' for details on shares used to compute diluted net EPS.

A reconciliation of unrecognized tax benefits is as follows:

	As of October 31,		
	2016	2015	2014
		In millions	
Balance at beginning of year	$ 4,901	$ 2,067	$1,925
Increases:			
For current year's tax positions	1,481	1,449	273
For prior years' tax positions	863	3,591	533
Net transfers from former Parent through equity	4,540	—	—
Decreases:			
For prior years' tax positions	(115)	(554)	(328)
Statute of limitations expiration	(47)	(12)	(121)
Settlements with taxing authorities	(73)	(54)	(215)
Net transfers to former Parent through equity	—	(1,586)	—
Balance at end of year	$11,550	$ 4,901	$2,067

Up to $3.1 billion, $0.6 billion and $1.4 billion of Hewlett Packard Enterprise's unrecognized tax benefits at October 31, 2016, 2015 and 2014, respectively, would affect the Company's effective tax rate if realized. The $6.6 billion increase in the amount of unrecognized tax benefits for the year ended October 31, 2016, is primarily related to certain pre-Separation income tax liabilities for which the Company is joint and severally liable under the Tax Matters Agreement entered in to with HP Inc. effective November 1, 2015, as well as the

Note 6: Taxes on Earnings (Continued)

unrecognized tax benefits related to the timing of intercompany royalty revenue recognition, which does not affect the Company's effective tax rate.

For fiscal 2015 and prior, the unrecognized tax benefits reflected in the Company's Consolidated and Combined Financial Statements have been determined using the Separate Return Method. The $2.8 billion increase in the amount of unrecognized tax benefits for the year ended October 31, 2015, primarily relates to the timing of intercompany royalty revenue recognition, which does not affect the Company's effective tax rate.

Hewlett Packard Enterprise recognizes interest income from favorable settlements and interest expense and penalties accrued on unrecognized tax benefits in Provision for taxes in the Consolidated and Combined Statements of Earnings. The Company had accrued $423 million and $269 million for interest and penalties as of October 31, 2016 and 2015, respectively.

Hewlett Packard Enterprise engages in continuous discussion and negotiation with taxing authorities regarding tax matters in various jurisdictions. Hewlett Packard Enterprise does not expect complete resolution of any U.S. Internal Revenue Service (''IRS'') audit cycle within the next 12 months. However, it is reasonably possible that certain federal, foreign and state tax issues may be concluded in the next 12 months, including resolution of certain intercompany transactions, joint and several tax liabilities and other matters. Accordingly, Hewlett Packard Enterprise believes it is reasonably possible that its existing unrecognized tax benefits may be reduced by an amount up to $2.5 billion within the next 12 months.

Hewlett Packard Enterprise is subject to income tax in the U.S. and approximately 110 other countries and is subject to routine corporate income tax audits in many of these jurisdictions.

Revenue Agent Reports (''RAR'') have been received from the IRS for tax years 2005 - 2009 related to the Company's U.S. Enterprise Services subsidiaries, proposing total tax deficiencies of $336 million. HPE is contesting certain of these issues. The IRS is also conducting an audit of the 2010 tax return and a limited audit of the 2011 and 2012 amended income tax returns for the Company's U.S. Enterprise Services subsidiaries.

With respect to major foreign tax jurisdictions, HPE is no longer subject to tax authority examinations for years prior to 2005. HPE is subject to a foreign tax audit concerning an intercompany transaction for fiscal 2009. The relevant taxing authority has proposed an assessment of approximately $743 million. HPE is contesting this proposed assessment. With respect to major state tax jurisdictions, HPE is no longer subject to tax authority examinations for years prior to 2003.

Hewlett Packard Enterprise believes it has provided adequate reserves for all tax deficiencies or reductions in tax benefits that could result from federal, state and foreign tax audits. The Company regularly assesses the likely outcomes of these audits in order to determine the appropriateness of the Company's tax provision. The Company adjusts its uncertain tax positions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular audit. However, income tax audits are inherently unpredictable and there can be no assurance that the Company will accurately predict the outcome of these audits. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the Provision for taxes and therefore the resolution of one or more of these uncertainties in any particular period could have a material impact on net earnings or cash flows.

Hewlett Packard Enterprise is joint and severally liable for certain pre-Separation tax liabilities of HP Inc. HP Inc. is subject to numerous ongoing audits by federal, state and foreign tax authorities. The IRS is conducting an audit of former Parent's 2009 - 2014 income tax returns. HP Inc. has received from the IRS Notices of Deficiency for its fiscal 1999 - 2000 and 2003 - 2005 tax years, and RARs for its fiscal 2001 - 2002 and 2006 - 2008 tax years.

Note 6: Taxes on Earnings (Continued)

Hewlett Packard Enterprise has not provided for U.S. federal income and foreign withholding taxes on $26.2 billion of undistributed earnings from non-U.S. operations as of October 31, 2016 because the Company intends to reinvest such earnings indefinitely outside of the U.S. If the Company were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable. The Company will remit non-indefinitely reinvested earnings of its non-U.S. subsidiaries for which deferred U.S. federal and withholding taxes have been provided where excess cash has accumulated and the Company determines that it is advantageous for business operations, tax or cash management reasons.

Deferred Income Taxes

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. For the purposes of the Company's Consolidated and Combined Balance Sheets in the period prior to the Separation, deferred tax balances and tax carryforwards and credits have been recorded under the Separate Return Method. The deferred tax balances reflected in the Company's Consolidated Balance Sheets in the period prior to the Separation have been recorded on a consolidated return basis and include tax attributes allocated to the Company at the time of the Separation. The inclusion of these tax attributes resulted in tax carryforwards and credits, which generated higher deferred income tax assets for the Company in the period prior to the Separation.

The significant components of deferred tax assets and deferred tax liabilities were as follows:

	As of October 31,			
	2016		2015	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	In millions			
Loss and credit carryforwards	$ 1,859	$ (26)	$ 1,706	$ —
Unremitted earnings of foreign subsidiaries	—	(3,708)	—	(3,362)
Inventory valuation	94	(1)	97	(24)
Intercompany transactions—royalty prepayments	5,237	—	5,598	—
Intercompany transactions—excluding royalty prepayments	160	—	190	(14)
Fixed assets	128	(128)	327	(362)
Warranty	164	—	171	(2)
Employee and retiree benefits	1,655	(65)	772	(48)
Accounts receivable allowance	32	—	38	(9)
Intangible assets	53	(176)	—	(349)
Restructuring	258	—	210	—
Deferred revenue	968	(3)	1,152	(196)
Other	436	—	241	—
Gross deferred tax assets and liabilities	11,044	(4,107)	10,502	(4,366)
Valuation allowance	(2,650)	—	(2,252)	—
Net deferred tax assets and liabilities	$ 8,394	$(4,107)	$ 8,250	$(4,366)

In the first quarter of fiscal 2016, the Company adopted the amendment to the existing accounting standards for income taxes issued by the FASB in November 2015, and elected to apply it on a retrospective basis. As a result, all of the Company's deferred tax assets and liabilities are classified as non-current as of October 31, 2016 and retrospectively as of October 31, 2015. See Note 1, ''Overview and Summary of Significant Accounting Policies'', for more details.

Note 6: Taxes on Earnings (Continued)

Deferred tax assets and liabilities included in the Consolidated Balance Sheets are as follows:

	As of October 31,	
	2016	2015
	In millions	
Deferred tax assets	$4,430	$3,925
Deferred tax liabilities	(143)	(41)
Deferred tax assets net of deferred tax liabilities	$4,287	$3,884

The Company periodically engages in intercompany advanced royalty payment and licensing arrangements that may result in advance payments between subsidiaries in different tax jurisdictions. When the local tax treatment of the intercompany licensing arrangements differs from U.S. GAAP treatment, deferred taxes are recognized. Hewlett Packard Enterprise executed intercompany advanced royalty payment arrangements resulting in advanced payments of $3.7 billion and $5.0 billion during fiscal 2016 and 2015, respectively. In these transactions, the payments were received in the U.S. from a foreign consolidated affiliate, with a deferral of intercompany revenues over the term of the arrangements, approximately 5 years. Intercompany royalty revenue and the amortization expense related to the licensing rights are eliminated in consolidation.

As of October 31, 2016, the Hewlett Packard Enterprise had $51 million, $1.9 billion and $6.0 billion of federal, state and foreign net operating loss carryforwards, respectively. Amounts included in state and foreign net operating loss carryforwards will begin to expire in 2017 and amounts included in federal net operating loss carryforwards will begin to expire in 2030. Hewlett Packard Enterprise has provided a valuation allowance of $38 million and $1.2 billion for deferred tax assets related to state and foreign net operating losses carryforwards, respectively.

As of October 31, 2016, Hewlett Packard Enterprise had recorded deferred tax assets for various tax credit carryforwards as follows:

	Carryforward	Valuation Allowance	Initial Year of Expiration
	In millions		
U.S. foreign tax credits	$291	$ —	2021
U.S. research and development and other credits	99	—	2019
Tax credits in state and foreign jurisdictions	205	(160)	2019
Balance at end of year	$595	$(160)	

Deferred Tax Asset Valuation Allowance

The deferred tax asset valuation allowance and changes were as follows:

	As of October 31,		
	2016	2015	2014
		In millions	
Balance at beginning of year	$2,252	$ 3,912	$3,194
Income tax expense	(235)	(1,155)	198
Other comprehensive income, currency translation and charges to other accounts	633	(505)	520
Balance at end of year	$2,650	$ 2,252	$3,912

Note 6: Taxes on Earnings (Continued)

Total valuation allowances increased by $398 million in fiscal 2016, due primarily to the valuation allowance against foreign deferred tax assets related to pension assets and liabilities, partially offset by decreases in foreign deferred tax assets for net operating losses. Total valuation allowances decreased by $1.7 billion in fiscal 2015 due primarily to the release of a valuation allowance against deferred tax assets in the U.S.

Tax Matters Agreement and Other Income Tax Matters

In connection with the Separation, the Company entered into a Tax Matters Agreement with HP Inc., formerly Hewlett-Packard Company. See Note 18, ‘‘Guarantees, Indemnifications and Warranties’’, for a full description of the Tax Matters Agreement.

Note 7: Balance Sheet Details

Balance sheet details were as follows:

Accounts Receivable, Net

	As of October 31,	
	2016	2015
	In millions	
Unbilled receivable	$1,086	$1,396
Accounts receivable	5,907	7,251
Allowance for doubtful accounts	(84)	(109)
Total	$6,909	$8,538

The allowance for doubtful accounts related to accounts receivable and changes therein were as follows:

	As of October 31,		
	2016	2015	2014
		In millions	
Balance at beginning of year	$109	$126	$150
Provision for doubtful accounts	52	27	50
Deductions, net of recoveries	(77)	(44)	(74)
Balance at end of year	$ 84	$109	$126

The Company has third-party revolving short-term financing arrangements intended to facilitate the working capital requirements of certain customers. The recourse obligations associated with these short-term financing arrangements as of October 31, 2016 and 2015 were not material.

Note 7: Balance Sheet Details (Continued)

The activity related to Hewlett Packard Enterprise's revolving short-term financing arrangements was as follows:

	As of October 31,		
	2016	2015	2014
		In millions	
Balance at beginning of period[1]	$ 68	$ 188	$ 70
Trade receivables sold	3,015	4,221	3,947
Cash receipts	(2,931)	(4,327)	(3,815)
Foreign currency and other	(7)	(14)	(14)
Balance at end of period[1]	$ 145	$ 68	$ 188

[1] Beginning and ending balances represent amounts for trade receivables sold but not yet collected.

Inventory

	As of October 31,	
	2016	2015
	In millions	
Finished goods	$1,202	$1,518
Purchased parts and fabricated assemblies	572	680
Total	$1,774	$2,198

For the fiscal year ended October 31, 2016, the change in inventory was due primarily to the removal of approximately $200 million of inventory as a result of the divestiture of H3C and lower EG inventory to support service levels.

Other Current Assets

	As of October 31,	
	2016	2015
	In millions	
Value-added taxes receivable	$1,060	$1,538
Manufacturer and other receivables	1,057	1,992
Prepaid and other current assets	2,207	2,938
Total	$4,324	$6,468

Property, Plant and Equipment

	As of October 31,	
	2016	2015
	In millions	
Land	$ 497	$ 514
Buildings and leasehold improvements	6,948	6,924
Machinery and equipment, including equipment held for lease	14,300	13,986
	21,745	21,424
Accumulated depreciation	(12,109)	(11,538)
Total	$ 9,636	$ 9,886

Note 7: Balance Sheet Details (Continued)

Depreciation expense was $3.0 billion, $3.1 billion and $3.2 billion in fiscal 2016, 2015 and 2014, respectively. The change in gross property, plant and equipment was due primarily to purchases of $3.4 billion, partially offset by sales and retirements of $2.8 billion, the removal of certain property, plant and equipment as result of the divestitures of H3C and MphasiS of $251 million and unfavorable currency fluctuations of $114 million. Accumulated depreciation associated with the assets sold and retired was $2.3 billion.

Long-Term Financing Receivables and Other Assets

	As of October 31,	
	2016	2015
	In millions	
Financing receivables, net	$ 3,938	$ 3,642
Deferred tax assets	4,430	3,925
Deferred costs—long-term	822	715
Other	4,026	2,593
Total	$13,216	$10,875

Other Accrued Liabilities

	As of October 31,	
	2016	2015
	In millions	
Accrued taxes—other	$1,297	$1,364
Warranty	258	276
Sales and marketing programs	858	908
Other	2,578	3,766
Total	$4,991	$6,314

Other Liabilities

	As of October 31,	
	2016	2015
	In millions	
Pension, post-retirement, and post-employment liabilities	$ 4,230	$3,432
Deferred revenue—long-term	3,408	3,565
Deferred tax liability	143	41
Tax liability—long-term	4,057	778
Other long-term liabilities	1,184	1,086
Total	$13,022	$8,902

For the fiscal year ended October 31, 2016, the change in Other liabilities was due primarily to an increase in Tax liability—long-term. The increase was due primarily to a long-term payable to HP Inc. for certain tax liabilities for which the Company is joint and severally liable under the Tax Matters Agreement entered into with HP Inc., effective November 1, 2015.

Note 8: Financing Receivables and Operating Leases

Financing receivables represent sales-type and direct-financing leases of the Company and third-party products. These receivables typically have terms ranging from two to five years and are usually collateralized

Note 8: Financing Receivables and Operating Leases (Continued)

by a security interest in the underlying assets. Financing receivables also include billed receivables from operating leases. The components of financing receivables were as follows:

	As of October 31, 2016	As of October 31, 2015
	In millions	
Minimum lease payments receivable	$ 7,293	$ 6,941
Unguaranteed residual value	231	217
Unearned income	(574)	(503)
Financing receivables, gross	6,950	6,655
Allowance for doubtful accounts	(89)	(95)
Financing receivables, net	6,861	6,560
Less: current portion[1]	(2,923)	(2,918)
Amounts due after one year, net[1]	$ 3,938	$ 3,642

[1] The Company includes the current portion in Financing receivables and amounts due after one year, net in Long-term financing receivables and other assets in the accompanying Consolidated Balance Sheets.

As of October 31, 2016, scheduled maturities of the Company's minimum lease payments receivable were as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
				In millions			
Scheduled maturities of minimum lease payments receivable	$3,187	$1,952	$1,263	$595	$234	$62	$7,293

Credit Quality Indicators

Due to the homogenous nature of its leasing transactions, the Company manages its financing receivables on an aggregate basis when assessing and monitoring credit risk. Credit risk is generally diversified due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and geographic regions. The Company evaluates the credit quality of an obligor at lease inception and monitors that credit quality over the term of a transaction. The Company assigns risk ratings to each lease based on the creditworthiness of the obligor and other variables that augment or mitigate the inherent credit risk of a particular transaction. Such variables include the underlying value and liquidity of the collateral, the essential use of the equipment, the term of the lease, and the inclusion of credit enhancements, such as guarantees, letters of credit or security deposits.

The credit risk profile of gross financing receivables, based on internal risk ratings, was as follows:

	As of October 31, 2016	As of October 31, 2015
	In millions	
Risk Rating:		
Low	$3,484	$3,467
Moderate	3,382	3,115
High	84	73
Total	$6,950	$6,655

Accounts rated low risk typically have the equivalent of a Standard & Poor's rating of BBB− or higher, while accounts rated moderate risk generally have the equivalent of BB+ or lower. The Company classifies

Note 8: Financing Receivables and Operating Leases (Continued)

accounts as high risk when it considers the financing receivable to be impaired or when management believes there is a significant near-term risk of impairment.

Allowance for Doubtful Accounts

The allowance for doubtful accounts for financing receivables is comprised of a general reserve and a specific reserve. The Company maintains general reserve percentages on a regional basis and bases such percentages on several factors, including consideration of historical credit losses and portfolio delinquencies, trends in the overall weighted-average risk rating of the portfolio, current economic conditions and information derived from competitive benchmarking. The Company excludes accounts evaluated as part of the specific reserve from the general reserve analysis. The Company establishes a specific reserve for financing receivables with identified exposures, such as customer defaults, bankruptcy or other events, that make it unlikely the Company will recover its investment. For individually evaluated receivables, the Company determines the expected cash flow for the receivable, which includes consideration of estimated proceeds from disposition of the collateral, and calculates an estimate of the potential loss and the probability of loss. For those accounts where a loss is considered probable, the Company records a specific reserve. The Company generally writes off a receivable or records a specific reserve when a receivable becomes 180 days past due, or sooner if the Company determines that the receivable is not collectible.

The allowance for doubtful accounts related to financing receivables and changes therein were as follows:

	As of October 31,		
	2016	2015	2014
	In millions		
Balance at beginning of year	$ 95	$111	$131
Provision for doubtful accounts	11	25	30
Deductions, net of recoveries	(17)	(41)	(50)
Balance at end of year	$ 89	$ 95	$111

The gross financing receivables and related allowance evaluated for loss were as follows:

	As of October 31,	
	2016	2015
	In millions	
Gross financing receivables collectively evaluated for loss	$6,667	$6,399
Gross financing receivables individually evaluated for loss	283	256
Total	$6,950	$6,655
Allowance for financing receivables collectively evaluated for loss	$ 73	$ 82
Allowance for financing receivables individually evaluated for loss	16	13
Total	$ 89	$ 95

Non-Accrual and Past-Due Financing Receivables

The Company considers a financing receivable to be past due when the minimum payment is not received by the contractually specified due date. The Company generally places financing receivables on non-accrual status, which is suspension of interest accrual, and considers such receivables to be non-performing at the earlier of the time at which full payment of principal and interest becomes doubtful or the receivable becomes 90 days past due. Subsequently, the Company may recognize revenue on non-accrual financing receivables as payments are received, which is on a cash basis, if the Company deems the recorded financing receivable to be fully collectible; however, if there is doubt regarding the ultimate collectability of the

Note 8: Financing Receivables and Operating Leases (Continued)

recorded financing receivable, all cash receipts are applied to the carrying amount of the financing receivable, which is the cost recovery method. In certain circumstances, such as when the Company deems a delinquency to be of an administrative nature, financing receivables may accrue interest after becoming 90 days past due. The non-accrual status of a financing receivable may not impact a customer's risk rating. After all of a customer's delinquent principal and interest balances are settled, the Company may return the related financing receivable to accrual status.

The following table summarizes the aging and non-accrual status of gross financing receivables:

	As of October 31,	
	2016	2015
	In millions	
Billed:[1]		
Current 1-30 days	$ 337	$ 358
Past due 31-60 days	47	52
Past due 61-90 days	12	14
Past due >90 days	59	57
Unbilled sales-type and direct-financing lease receivables	6,495	6,174
Total gross financing receivables	$6,950	$6,655
Gross financing receivables on non-accrual status[2]	$ 163	$ 154
Gross financing receivables 90 days past due and still accruing interest[2]	$ 120	$ 102

[1] Includes billed operating lease receivables and billed sales-type and direct-financing lease receivables.

[2] Includes billed operating lease receivables and billed and unbilled sales-type and direct-financing lease receivables.

Operating Leases

Operating lease assets included in machinery and equipment in the Consolidated Balance Sheets were as follows:

	As of October 31,	
	2016	2015
	In millions	
Equipment leased to customers	$ 5,467	$ 4,428
Accumulated depreciation	(2,134)	(1,513)
	$ 3,333	$ 2,915

As of October 31, 2016, minimum future rentals on non-cancelable operating leases related to leased equipment were as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
				In millions			
Minimum future rentals on non-cancelable operating leases	$1,505	$971	$460	$98	$17	$2	$3,053

Note 9: Acquisitions and Divestitures

Divestitures and Acquisitions in Fiscal 2016

Divestitures

In fiscal 2016, the Company completed five divestitures, which resulted in $3.4 billion of net proceeds, of which $25 million represents a deposit that was received in the fourth quarter of fiscal 2015. These divestitures primarily represent the sale of the Company's controlling interest in H3C and MphasiS, which are discussed further below, and the sale of the TippingPoint business, which was previously reported within the Software segment. The gains associated with the sale of the Company's controlling interest in H3C and MphasiS are included in Gain on H3C and MphasiS divestitures in the Consolidated and Combined Statements of Earnings. The gains associated with all other divestitures were included in Selling, general and administrative expense in the Consolidated and Combined Statements of Earnings.

In May 2016, the Company executed its joint partnership agreement with Tsinghua Holdings to bring together the Chinese enterprise technology assets of the Company and Tsinghua University to create a Chinese business provider of technology infrastructure. Under the definitive agreement, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of the new business named H3C for $2.6 billion, which includes purchase consideration adjustments. H3C is comprised of the Company's former H3C Technologies and China-based server, storage and technology services businesses (''H3C disposal group''), which were previously reported within the EG segment until the time of the sale. As a result of the H3C divestiture, the Company recognized a gain of $2.2 billion. The Company's remaining China subsidiary maintains 100% ownership of its existing China-based Enterprise Services, Software and Helion Cloud businesses. The new H3C is the exclusive provider of the Company's server and storage portfolio, as well as the Company's exclusive hardware support services provider in China, customized for that market.

The results of the H3C disposal group, which represented 100% of the Company's H3C Technologies and China-based server, storage and technology services businesses, were reflected in the Company's Consolidated and Combined Financial Statements through the date of closing. The pre-tax earnings for the fiscal years ended October 31, 2016, 2015 and 2014 were $182 million, $286 million and $406 million, respectively. Subsequently, the Company's remaining 49% ownership is accounted for under the equity method of accounting, and its proportionate share of H3C's earnings are included in Loss from equity interests in the Consolidated and Combined Statements of Earnings. See Note 20, ''Equity Method Investments'' for additional information.

In April 2016, the Company signed a definitive agreement with The Blackstone Group to sell the Company's equity stake in MphasiS Limited, an IT services provider headquartered in Bangalore, India, which was previously reported within the Services segment, for Indian Rupees (''INR'') 430 per share. On September 1, 2016, the Company closed the MphasiS divestiture by selling its full equity stake, which was valued at $824 million at the purchase price of INR 430 per share. As a result of the MphasiS divestiture, the Company recognized a gain of $253 million.

Acquisitions

In fiscal 2016, the Company completed two acquisitions. In connection with these acquisitions, the Company recorded approximately $12 million of goodwill and $11 million of intangible assets.

The purchase price allocation for acquisitions may reflect various preliminary fair value estimates and analysis, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocation that are subject to change relate to the fair values of certain tangible assets and liabilities acquired, the valuation of intangible assets acquired, certain legal matters, income and income based taxes, and residual goodwill. Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined.

Note 9: Acquisitions and Divestitures (Continued)

During the fiscal year ended October 31, 2016, $260 million of purchase price adjustments were recorded, primarily for provisional tax-related items recorded in conjunction with the acquisition of Aruba Networks, Inc. (''Aruba''), and as such impacted goodwill in the EG segment.

In August 2016, the Company entered into a definitive agreement to acquire Silicon Graphics International Corp. (''SGI''), a global leader in high-performance solutions for compute, data analytics and data management, for $7.75 per share in cash, a transaction valued at approximately $275 million, net of cash and debt, as of the date of the agreement. SGI's results of operations will be included within the EG segment. The transaction closed on November 1, 2016.

Divestitures and Acquisitions in Prior Years

Divestitures

In fiscal 2015, the Company completed four divestitures, which resulted in $140 million of proceeds. These divestitures include the sale of its LiveVault and iManage businesses, which were previously reported within the Software segment. The gains associated with these divestitures were included in Selling, general and administrative expense in the Combined Statement of Earnings.

Acquisitions

In fiscal 2015, the Company completed five acquisitions. The purchase price allocation for these acquisitions is shown in the table below. Pro forma results of operations for these acquisitions are not presented, as these acquisitions were not material to the Company's consolidated and combined results of operations, either individually or in the aggregate. Goodwill is not deductible for tax purposes.

The following table presents the aggregate purchase price allocation, including those items that were preliminary allocations, for the Company's acquisitions for the fiscal year ended October 31, 2015:

	In millions
Goodwill	$1,987
Amortizable intangible assets	704
In-process research and development	159
Net assets assumed	221
Total fair value of consideration	$3,071

The Company's largest acquisition in fiscal 2015 was Aruba, which was completed in May 2015. The Company reports the financial results of Aruba's business in the Networking business unit within the EG segment. The acquisition date fair value of consideration of $2.8 billion consisted of cash paid for outstanding common stock, vested in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed by the Company. In connection with this acquisition, the Company recorded approximately $1.8 billion of goodwill, $643 million of intangible assets and $153 million of in-process research and development. The Company is amortizing intangible assets on a straight-line basis over an estimated weighted-average life of six years.

In fiscal 2014, the Company completed two acquisitions with a combined purchase price of $55 million, of which $12 million was recorded as goodwill and $25 million was recorded as intangible assets.

Note 10: Goodwill and Intangible Assets

Goodwill

Goodwill and related changes in the carrying amount by reportable segment were as follows:

	Enterprise Group	Enterprise Services[1]	Software	Financial Services	Total
			In millions		
Balance at October 31, 2014[2]	$16,867	$ 97	$8,852	$144	$25,960
Goodwill acquired during the period	1,891	—	96	—	1,987
Goodwill divested during the period[3]	—	—	(123)	—	(123)
Changes due to foreign currency	(52)	(5)	—	—	(57)
Goodwill adjustments[4]	6	—	(512)	—	(506)
Balance at October 31, 2015[2]	18,712	92	8,313	144	27,261
Goodwill acquired during the period	2	—	10	—	12
Goodwill divested during the period[5]	(3,000)	(90)	(234)	—	(3,324)
Changes due to foreign currency	(29)	(2)	—	—	(31)
Goodwill adjustments[6]	260	—	—	—	260
Balance at October 31, 2016[2]	$15,945	$—	$8,089	$144	$24,178

[1] Goodwill related to the MphasiS Limited reporting unit, which was sold in the fourth quarter of 2016.

[2] Goodwill is net of accumulated impairment losses of $13.7 billion, which were recorded prior to October 31, 2014. Of that amount, $8.0 billion relates to the Enterprise Services segment and the remaining $5.7 billion relates to the Software segment.

[3] Goodwill divested as part of the divestiture of the LiveVault and iManage businesses.

[4] In connection with the Separation, former Parent retained the marketing optimization software product group, a continuing business which had historically been managed by the Company and included in the Software segment. The adjustment reflects the impact of removing the related goodwill of $512 million, allocated on a relative fair value basis, from former Parent.

[5] Goodwill divested as part of the H3C transaction (EG), sale of TippingPoint (Software) and sale of MphasiS (ES).

[6] Primarily measurement period adjustments to provisional tax items recorded in conjunction with the Aruba acquisition.

Goodwill Impairments

Goodwill is tested for impairment at the reporting unit level. As of October 31, 2016, the Company's reporting units were consistent with the reportable segments identified in Note 2, ''Segment Information''. Based on the results of the Company's annual impairment tests for fiscal 2016, 2015 and 2014, the Company determined that no impairment of goodwill existed.

Note 10: Goodwill and Intangible Assets (Continued)

Intangible Assets

Intangible assets are comprised of:

	As of October 31, 2016				As of October 31, 2015			
	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net	Gross	Accumulated Amortization	Accumulated Impairment Loss	Net
				In millions				
Customer contracts, customer lists and distribution agreements . . .	$1,394	$ (322)	$ (856)	$ 216	$5,109	$(3,517)	$ (856)	$ 736
Developed and core technology and patents . . .	4,190	(1,232)	(2,138)	820	4,218	(1,110)	(2,138)	970
Trade name and trade marks	178	(21)	(109)	48	231	(57)	(109)	65
In-process research and development	—	—	—	—	159	—	—	159
Total intangible assets	$5,762	$(1,575)	$(3,103)	$1,084	$9,717	$(4,684)	$(3,103)	$1,930

For fiscal 2016, the decrease in gross intangible assets was due primarily to $3.5 billion of intangible assets which became fully amortized and have been eliminated from gross intangible assets and accumulated amortization, and $478 million of intangible assets that have been divested ($379 million of accumulated amortization was associated with the divested assets).

The decrease was partially offset by $11 million of purchases related to acquisitions. Intangible asset amortization expense for the fiscal year ended October 31, 2016 was $755 million.

For fiscal 2015, the decrease in gross intangible assets was due primarily to $703 million of intangible assets that became fully amortized and have been eliminated from gross intangible assets and accumulated amortization, and the impact of removing intangible assets related to the marketing optimization software product group, which was retained by former Parent. The decrease was partially offset by intangible assets and in-process research and development resulting from the Company's acquisitions, primarily the acquisition of Aruba. Intangible asset amortization expense for the fiscal years ended October 31, 2015 and 2014 was $852 million and $906 million, respectively.

In-process research and development consists of efforts that are in process on the date the Company acquires a business. Under the accounting guidance for intangible assets, in-process research and development acquired in a business combination is considered an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. The Company begins amortizing its in-process research and development intangible assets upon completion of the projects. If an in-process research and development project is abandoned, the Company records an expense for the value of the related intangible asset to its Consolidated and Combined Statement of Earnings in the period of abandonment. The Company reclassified in-process research and development assets acquired of $159 million to developed and core technology and patents as the projects were completed, and began amortization during fiscal 2016.

Note 10: Goodwill and Intangible Assets (Continued)

As of October 31, 2016, the weighted-average remaining useful lives of the Company's finite-lived intangible assets were as follows:

Finite-Lived Intangible Assets	Weighted-Average Remaining Useful Lives
	In years
Customer contracts, customer lists and distribution agreements	5
Developed and core technology and patents	5
Trade name and trade marks	7

As of October 31, 2016, estimated future amortization expense related to finite-lived intangible assets was as follows:

Fiscal year	In millions
2017	$ 339
2018	248
2019	202
2020	172
2021	55
Thereafter	68
Total	$1,084

Note 11: Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

The Company uses valuation techniques that are based upon observable and unobservable inputs. Observable inputs are developed using market data such as publicly available information and reflect the assumptions market participants would use, while unobservable inputs are developed using the best information available about the assumptions market participants would use. Assets and liabilities are classified in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3—Unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to observable inputs and lowest priority to unobservable inputs.

Note 11: Fair Value (Continued)

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis:

	As of October 31, 2016				As of October 31, 2015			
	Fair Value Measured Using				Fair Value Measured Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions							
Assets								
Cash Equivalents and Investments:								
Time deposits	$ —	$4,085	$—	$ 4,085	$ —	$2,473	$—	$2,473
Money market funds	6,549	—	—	6,549	4,592	—	—	4,592
Mutual funds	—	—	—	—	—	246	—	246
Equity securities in public companies	17	—	—	17	46	7	—	53
Foreign bonds	8	279	—	287	8	305	—	313
Other debt securities	—	—	35	35	—	—	40	40
Derivative Instruments:								
Interest rate contracts	—	109	—	109	—	—	—	—
Foreign exchange contracts	—	660	—	660	—	816	—	816
Other derivatives	—	—	—	—	—	3	—	3
Total assets	$6,574	$5,133	$ 35	$11,742	$4,646	$3,850	$ 40	$8,536
Liabilities								
Derivative Instruments:								
Interest rate contracts	$ —	$ 6	$—	$ 6	$ —	$ 55	$—	$ 55
Foreign exchange contracts	—	220	—	220	—	137	—	137
Other derivatives	—	2	—	2	—	—	—	—
Total liabilities	$ —	$ 228	$—	$ 228	$ —	$ 192	$—	$ 192

For the fiscal year ended October 31, 2016, there were no material transfers between levels within the fair value hierarchy. During the fiscal year ended October 31, 2015, the Company transferred $41 million of equity securities in public companies from Level 2 to Level 1 within the fair value hierarchy as a result of a change in the market activity of the underlying investment. The remaining transfers between levels within the fair value hierarchy were not material.

During fiscal 2016, as a result of the MphasiS transaction, certain cash equivalents and investments and derivative instruments were divested. The financial instruments divested comprised of $74 million in time deposits, $332 million in mutual funds, $37 million in foreign bonds, and $9 million in foreign currency contracts previously included within Other current assets.

Valuation Techniques

Cash Equivalents and Investments: The Company holds time deposits, money market funds, mutual funds, other debt securities primarily consisting of corporate and foreign government notes and bonds, and common stock and equivalents. The Company values cash equivalents and equity investments using quoted market prices, alternative pricing sources, including net asset value, or models utilizing market observable inputs. The fair value of debt investments was based on quoted market prices or model-driven valuations using inputs primarily derived from or corroborated by observable market data, and, in certain instances, valuation models that utilize assumptions which cannot be corroborated with observable market data.

Derivative Instruments: The Company uses forward contracts, interest rate and total return swaps to hedge certain foreign currency and interest rate exposures. The Company uses industry standard valuation

Note 11: Fair Value (Continued)

models to measure fair value. Where applicable, these models project future cash flows and discount the future amounts to present value using market-based observable inputs, including interest rate curves, the Company and counterparties' credit risk, foreign currency exchange rates, and forward and spot prices for currencies and interest rates. See Note 12, ''Financial Instruments'', for a further discussion of the Company's use of derivative instruments.

Other Fair Value Disclosures

Short- and Long-Term Debt: The Company estimates the fair value of its debt primarily using an expected present value technique, which is based on observable market inputs using interest rates currently available to companies of similar credit standing for similar terms and remaining maturities, and considering its own credit risk. The portion of the Company's debt that is hedged is reflected in the Consolidated Balance Sheets as an amount equal to the debt's carrying amount and a fair value adjustment representing changes in the fair value of the hedged debt obligations arising from movements in benchmark interest rates. At October 31, 2016, the estimated fair value of the Company's short-term and long-term debt was $16.3 billion and the carrying value was $16.1 billion. As of October 31, 2015, the estimated fair value of the Company's short-term and long-term debt approximated its carrying value of $15.8 billion. If measured at fair value in the Consolidated Balance Sheets, short-term and long-term debt would be classified in Level 2 of the fair value hierarchy.

Other Financial Instruments: For the balance of the Company's financial instruments, primarily accounts receivable, accounts payable and financial liabilities included in other accrued liabilities, the carrying amounts approximate fair value due to their short maturities. If measured at fair value in the Consolidated Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

Non-Marketable Equity Investments and Non-Financial Assets: The Company's non-marketable equity investments and non-financial assets, such as intangible assets, goodwill and property, plant and equipment, are recorded at fair value in the period an impairment charge is recognized. If measured at fair value in the Consolidated Balance Sheets, these would generally be classified in Level 3 of the fair value hierarchy. In fiscal 2015, the Company determined that it would exit certain data centers. The Company conducted an analysis of the respective asset groups to determine if the carrying value was greater than the fair value. As a result of this assessment, the Company recorded a $136 millionimpairment charge to Impairment of data center assets on the Consolidated and Combined Statements of Earnings.

Note 12: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

Cash equivalents and available-for-sale investments were as follows:

	As of October 31, 2016				As of October 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
				In millions				
Cash Equivalents:								
Time deposits	$ 4,074	$—	$—	$ 4,074	$2,367	$—	$—	$2,367
Money market funds	6,549	—	—	6,549	4,592	—	—	4,592
Mutual funds	—	—	—	—	173	—	—	173
Total cash equivalents	10,623	—	—	10,623	7,132	—	—	7,132
Available-for-Sale Investments:								
Debt securities:								
Time deposits	11	—	—	11	106	—	—	106
Foreign bonds	218	69	—	287	244	69	—	313
Other debt securities	47	—	(12)	35	53	—	(13)	40
Total debt securities	276	69	(12)	333	403	69	(13)	459
Equity securities:								
Mutual funds	—	—	—	—	73	—	—	73
Equity securities in public companies	21	—	(4)	17	55	7	(9)	53
Total equity securities	21	—	(4)	17	128	7	(9)	126
Total available-for-sale investments	297	69	(16)	350	531	76	(22)	585
Total cash equivalents and available-for-sale investments	$10,920	$69	$(16)	$10,973	$7,663	$76	$(22)	$7,717

In the fourth quarter of fiscal 2016, as a result of the MphasiS transaction, $33 million of time deposits and $214 million of mutual funds previously included in cash equivalents, and $41 million of time deposits, $37 million of foreign bonds and $118 million of mutual funds previously included in available-for-sale investments were divested.

All highly liquid investments with original maturities of three months or less at the date of acquisition are considered cash equivalents. As of October 31, 2016 and 2015, the carrying amount of cash equivalents approximated fair value due to the short period of time to maturity. Interest income related to cash, cash equivalents and debt securities was approximately $122 million in fiscal 2016, $54 million in fiscal 2015 and $64 million in fiscal 2014. Time deposits were primarily issued by institutions outside the U.S. as of October 31, 2016 and 2015. The estimated fair value of the available-for-sale investments may not be representative of values that will be realized in the future.

The gross unrealized loss as of October 31, 2016 and 2015 was due primarily to a decline in the fair value of a debt security of $12 million and $13 million, respectively, that has been in a continuous loss position for more than twelve months. The Company does not intend to sell this debt security, and it is not likely that the Company will be required to sell this debt security prior to the recovery of the amortized cost.

Note 12: Financial Instruments (Continued)

Contractual maturities of investments in available-for-sale debt securities were as follows:

	As of October 31, 2016	
	Amortized Cost	Fair Value
	In millions	
Due in more than five years	$276	$333
	$276	$333

During fiscal 2016, the Company recognized a $30 million impairment charge related to a public equity investment, as the Company determined that such impairment was other-than-temporary. The Company made its determination primarily based on closing prices during the quarter of impairment and the prospect of recovery in the near term.

Equity securities in privately held companies that are accounted for as cost basis investments are included in Long-term financing receivables and other assets in the Consolidated Balance Sheets. These investments amounted to $128 million and $45 million at October 31, 2016 and 2015, respectively.

Investments in equity securities that are accounted for using the equity method are included in Investments in equity interests in the Consolidated Balance Sheet. These amounted to $2.6 billion at October 31, 2016. For additional information, see Note 20, ''Equity Method Investments''.

Derivative Instruments

The Company is a global company exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, the Company uses derivative instruments, primarily forward contracts, interest rate swaps and total return swaps to hedge certain foreign currency, interest rate and, to a lesser extent, equity exposures. The Company's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings or protecting the fair value of assets and liabilities. The Company does not have any leveraged derivatives and does not use derivative contracts for speculative purposes. The Company may designate its derivative contracts as fair value hedges, cash flow hedges or hedges of the foreign currency exposure of a net investment in a foreign operation (''net investment hedges''). Additionally, for derivatives not designated as hedging instruments, the Company categorizes those economic hedges as other derivatives. Derivative instruments directly attributable to the Company are recognized at fair value in the Consolidated Balance Sheets. The change in fair value of the derivative instruments is recognized in the Consolidated and Combined Statements of Earnings or Consolidated and Combined Statements of Comprehensive Income depending upon the type of hedge as further discussed below. The Company classifies cash flows from its derivative programs with the activities that correspond to the underlying hedged items in the Consolidated and Combined Statements of Cash Flows.

As a result of its use of derivative instruments, the Company is exposed to the risk that its counterparties will fail to meet their contractual obligations. To mitigate counterparty credit risk, the Company has a policy of only entering into derivative contracts with carefully selected major financial institutions based on their credit ratings and other factors, and the Company maintains dollar risk limits that correspond to each financial institution's credit rating and other factors. The Company's established policies and procedures for mitigating credit risk include reviewing and establishing limits for credit exposure and periodically reassessing the creditworthiness of its counterparties. Master netting agreements also mitigate credit exposure to counterparties by permitting the Company to net amounts due from the Company to a counterparty against amounts due to the Company from the same counterparty under certain conditions.

Note 12: Financial Instruments (Continued)

To further mitigate credit exposure to counterparties, the Company has collateral security agreements, which allows the Company to hold collateral from, or require the Company to post collateral to, counterparties when aggregate derivative fair values exceed contractually established thresholds which are generally based on the credit ratings of the Company and its counterparties. If the Company's credit rating falls below a specified credit rating, the counterparty has the right to request full collateralization of the derivatives' net liability position. Conversely, if the counterparty's credit rating falls below a specified credit rating, the Company has the right to request full collateralization of the derivatives' net liability position. Collateral is generally posted within two business days. The fair value of the Company's derivatives with credit contingent features in a net liability position was $9 million and $35 million at October 31, 2016 and 2015, respectively, all of which were fully collateralized within two business days.

Under the Company's derivative contracts, the counterparty can terminate all outstanding trades following a covered change of control event affecting the Company that results in the surviving entity being rated below a specified credit rating. This credit contingent provision did not affect the Company's financial position or cash flows as of October 31, 2016 and 2015.

Fair Value Hedges

The Company issues long-term debt in U.S. dollars based on market conditions at the time of financing. The Company may enter into fair value hedges, such as interest rate swaps, to reduce the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest rate. The swap transactions generally involve principal and interest obligations for U.S. dollar-denominated amounts. Alternatively, the Company may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if it believes a larger proportion of fixed-rate debt would be beneficial. When investing in fixed-rate instruments, the Company may enter into interest rate swaps that convert the fixed interest payments into variable interest payments and may designate these swaps as fair value hedges.

In fiscal 2015, concurrent with the issuance of fixed-rate Senior Notes, the Company entered into interest rate swaps to reduce the exposure of $9.5 billion of aggregate principal amount of fixed-rate Senior Notes to changes in fair value resulting from changes in interest rates by achieving LIBOR-based floating interest rate. See Note 13, ''Borrowings'', for more information related to the issuance of Senior Notes.

For derivative instruments that are designated and qualify as fair value hedges, the Company recognizes the change in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated and Combined Statements of Earnings in the period of change.

Cash Flow Hedges

The Company uses forward contracts designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of sales, operating expenses, and intercompany loans denominated in currencies other than the U.S. dollar. The Company's foreign currency cash flow hedges mature generally within twelve months; however, forward contracts associated with sales-type and direct-financing leases and intercompany loans extend for the duration of the lease or loan term, which typically range from two to five years.

For derivative instruments that are designated and qualify as cash flow hedges, the Company initially records changes in fair value for the effective portion of the derivative instrument in Accumulated other comprehensive loss as a separate component of equity in the Consolidated Balance Sheets and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in

Note 12: Financial Instruments (Continued)

earnings. The Company reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item.

Net Investment Hedges

The Company uses forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. The Company records the effective portion of such derivative instruments together with changes in the fair value of the hedged items in Cumulative translation adjustment as a separate component of Equity in the Consolidated Balance Sheets.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts used to hedge foreign currency-denominated balance sheet exposures. The Company also uses total return swaps and, to a lesser extent, interest rate swaps, based on equity or fixed income indices, to hedge its executive deferred compensation plan liability.

For derivative instruments not designated as hedging instruments, the Company recognizes changes in fair value of the derivative instrument, as well as the offsetting change in the fair value of the hedged item, in Interest and other, net in the Consolidated and Combined Statements of Earnings in the period of change.

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, the Company measures hedge effectiveness by offsetting the change in fair value of the hedged items with the change in fair value of the derivative. For forward contracts designated as cash flow or net investment hedges, the Company measures hedge effectiveness by comparing the cumulative change in fair value of the hedge contract with the cumulative change in fair value of the hedged item, both of which are based on forward rates. The Company recognizes any ineffective portion of the hedge in the Consolidated and Combined Statements of Earnings in the same period in which ineffectiveness occurs. Amounts excluded from the assessment of effectiveness are recognized in the Consolidated and Combined Statements of Earnings in the period they arise.

Note 12: Financial Instruments (Continued)

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

The gross notional and fair value of derivative instruments in the Consolidated Balance Sheets was as follows:

	As of October 31, 2016					As of October 31, 2015				
		Fair Value					Fair Value			
	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities	Outstanding Gross Notional	Other Current Assets	Long-Term Financing Receivables and Other Assets	Other Accrued Liabilities	Long-Term Other Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$ 9,500	$—	$109	$—	$ 6	$ 9,500	$—	$—	$—	$ 55
Cash flow hedges:										
Foreign currency contracts	7,255	296	172	40	15	8,692	296	206	28	8
Net investment hedges:										
Foreign currency contracts	1,891	53	28	23	28	1,861	114	66	7	4
Total derivatives designated as hedging instruments	18,646	349	309	63	49	20,053	410	272	35	67
Derivatives not designated as hedging instruments										
Foreign currency contracts	16,496	100	11	103	11	9,283	46	88	50	40
Other derivatives	158	—	—	2	—	127	3	—	—	—
Total derivatives not designated as hedging instruments	16,654	100	11	105	11	9,410	49	88	50	40
Total derivatives	$35,300	$449	$320	$168	$60	$29,463	$459	$360	$85	$107

Offsetting of Derivative Instruments

The Company recognizes all derivative instruments on a gross basis in the Consolidated Balance Sheets. The Company's derivative instruments are subject to master netting arrangements and collateral security arrangements. The Company does not offset the fair value of its derivative instruments against the fair value of cash collateral posted under collateral security agreements. As of October 31, 2016 and 2015, information related to the potential effect of the Company's use of the master netting agreements and collateral security agreements was as follows:

	As of October 31, 2016					
	In the Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) − (ii)	(iv)	(v)	(vi) = (iii) − (iv) − (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
	In millions					
Derivative assets	$769		$769	$214	$465[1]	$90
Derivative liabilities	$228		$228	$214	$ 10[2]	$ 4

Note 12: Financial Instruments (Continued)

	As of October 31, 2015					
	In the Consolidated Balance Sheets					
	(i)	(ii)	(iii) = (i) − (ii)	(iv)	(v)	(vi) = (iii) − (iv) − (v)
				Gross Amounts Not Offset		
	Gross Amount Recognized	Gross Amount Offset	Net Amount Presented	Derivatives	Financial Collateral	Net Amount
			In millions			
Derivative assets	$819	$—	$819	$153	$631[1]	$35
Derivative liabilities	$192	$—	$192	$153	$ 19[2]	$20

[1] Represents the cash collateral posted by counterparties as of the respective reporting date for the Company's asset position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

[2] Represents the collateral posted by the Company through re-use of counterparty cash collateral as of the respective reporting date for the Company's liability position, net of derivative amounts that could be offset, as of, generally, two business days prior to the respective reporting date.

Effect of Derivative Instruments on the Consolidated and Combined Statements of Earnings

The pre-tax effect of derivative instruments and related hedged items in a fair value hedging relationship for the fiscal years ended October 31, 2016, 2015 and 2014 was as follows:

	Gains (Losses) Recognized in Income on Derivative and Related Hedged Item								
Derivative Instrument	Location	2016	2015	2014	Hedged Item	Location	2016	2015	2014
		In millions					In millions		
Interest rate contracts	Interest and other, net	$158	$(55)	$—	Fixed-rate debt	Interest and other, net	$(158)	$55	$—

The pre-tax effect of derivative instruments in cash flow and net investment hedging relationships for the fiscal years ended October 31, 2016, 2015 and 2014 was as follows:

	Gains (Losses) Recognized in OCI on Derivatives (Effective Portion)			Gains (Losses) Reclassified from Accumulated OCI Into Earnings (Effective Portion)			
	2016	2015	2014	Location	2016	2015	2014
	In millions				In millions		
Cash flow hedges:							
Foreign currency contracts	$ (16)	$279	$149	Net revenue	$ 19	$276	$ (4)
Foreign currency contracts	6	(3)	13	Cost of products	—	6	3
Foreign currency contracts	—	(2)	9	Other operating expenses	—	(4)	(9)
Foreign currency contracts	—	—	—	Gain on MphasiS divestiture	8	—	—
Foreign currency contracts	236	207	(60)	Interest and other, net	243	202	(50)
Total currency hedges	$226	$481	$111		$270	$480	$(60)
Net investment hedges:							
Foreign currency contracts	$ (58)	$228	$ 57	Interest and other, net	$—	$—	$—

As of October 31, 2016, 2015 and 2014 no portion of the hedging instruments' gain or loss was excluded from the assessment of effectiveness for fair value, cash flow or net investment hedges. Hedge ineffectiveness for fair value, cash flow and net investment hedges was not material for fiscal 2016, 2015 and 2014.

Note 12: Financial Instruments (Continued)

As of October 31, 2016, the Company expects to reclassify an estimated net Accumulated other comprehensive gain of approximately $40 million, net of taxes, to earnings in the next twelve months along with the earnings effects of the related forecasted transactions associated with cash flow hedges.

The pre-tax effect of derivative instruments not designated as hedging instruments on the Consolidated and Combined Statements of Earnings for the fiscal years ended October 31, 2016, 2015 and 2014 was as follows:

	Gains (Losses) Recognized in Income on Derivatives			
	Location	2016	2015	2014
		In millions		
Foreign currency contracts	Interest and other, net	$(425)	$11	$169
Other derivatives	Interest and other, net	(5)	1	—
Total		$(430)	$12	$169

Note 13: Borrowings

Notes Payable and Short-Term Borrowings

Notes payable and short-term borrowings, including the current portion of long-term debt, were as follows:

	As of October 31,			
	2016		2015	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	Dollars in millions			
Current portion of long-term debt	$2,776	1.7%	$161	2.6%
FS Commercial paper	326	0.1%	39	0.2%
Notes payable to banks, lines of credit and other[1]	430	2.0%	491	2.7%
Total notes payable and short-term borrowings	$3,532		$691	

[1] Notes payable to banks, lines of credit and other includes $381 million and $374 million at October 31, 2016 and 2015, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries.

Note 13: Borrowings (Continued)

Long-Term Debt

	As of October 31,	
	2016	2015
	In millions	
Hewlett Packard Enterprise Senior Notes[1]		
$2,250 issued at discount to par at a price of 99.944% in October 2015 at 2.45%, due October 5, 2017, interest payable semi-annually on April 5 and October 5 of each year	$ 2,249	$ 2,249
$2,650 issued at discount to par at a price of 99.872% in October 2015 at 2.85%, due October 5, 2018, interest payable semi-annually on April 5 and October 5 of each year	2,648	2,647
$3,000 issued at discount to par at a price of 99.972% in October 2015 at 3.6%, due October 15, 2020, interest payable semi-annually on April 15 and October 15 of each year	2,999	2,999
$1,350 issued at discount to par at a price of 99.802% in October 2015 at 4.4%, due October 15, 2022, interest payable semi-annually on April 15 and October 15 of each year	1,348	1,347
$2,500 issued at discount to par at a price of 99.725% in October 2015 at 4.9%, due October 15, 2025, interest payable semi-annually on April 15 and October 15 of each year	2,494	2,493
$750 issued at discount to par at a price of 99.942% in October 2015 at 6.2%, due October 15, 2035, interest payable semi-annually on April 15 and October 15 of each year	750	749
$1,500 issued at discount to par at a price of 99.932% in October 2015 at 6.35%, due October 15, 2045, interest payable semi-annually on April 15 and October 15 of each year	1,499	1,499
$350 issued at par in October 2015 at three-month USD LIBOR plus 1.74%, due October 5, 2017, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	350	350
$250 issued at par in October 2015 at three-month USD LIBOR plus 1.93%, due October 5, 2018, interest payable quarterly on January 5, April 5, July 5 and October 5 of each year	250	250
EDS Senior Notes[1]		
$300 issued October 1999 at 7.45%, due October 2029	312	313
Other, including capital lease obligations, at 0.00%-7.45%, due in calendar years 2016-2022[2]	382	423
Fair value adjustment related to hedged debt	103	(55)
Less: current portion	(2,776)	(161)
Total long-term debt	$12,608	$15,103

[1] The Company may redeem some or all of the fixed-rate Hewlett Packard Enterprise Senior Notes and the EDS Senior Notes at any time in accordance with the terms thereof.

[2] Other, including capital lease obligations includes $181 million and $196 million as of October 31, 2016 and 2015, respectively, of borrowing- and funding-related activity associated with FS and its subsidiaries that are collateralized by receivables and underlying assets associated with the related capital and operating leases. For both the periods presented, the carrying amount of the assets approximated the carrying amount of the borrowings.

In fiscal 2016, as a result of the MphasiS transaction, $40 million of long-term debt previously included in the Other, including capital lease obligations category was divested.

Note 13: Borrowings (Continued)

Interest expense on borrowings recognized in the Consolidated and Combined Statements of Earnings was as follows:

		Fiscal years ended October 31,		
Expense	**Location**	**2016**	**2015**	**2014**
		In millions		
Financing interest	Financing interest	$249	$240	$277
Interest expense	Interest and other, net	328	29	45
Total interest expense		$577	$269	$322

Hewlett Packard Enterprise Senior Notes

On October 9, 2015, Hewlett Packard Enterprise completed its offering of $14.0 billion of fixed rate notes and $0.6 billion of floating rate notes, with the interest rate and maturity date described in the table above.

The Notes are Hewlett Packard Enterprise's senior unsecured obligations and rank equally in right of payment with all of Hewlett Packard Enterprise's existing and future senior unsecured indebtedness. The Notes were initially guaranteed on a senior unsecured basis by HP Co., which guarantee was automatically and unconditionally released upon HP Co.'s distribution of all of the outstanding shares of Hewlett Packard Enterprise common stock to HP Co.'s shareholders on November 1, 2015, in connection with the separation of Hewlett Packard Enterprise from HP Co. (the ''Distribution''), and beneficial ownership of substantially all of the assets intended to be included in Hewlett Packard Enterprise were transferred to Hewlett Packard Enterprise.

Hewlett Packard Enterprise distributed approximately $14.5 billion of net proceeds from the Notes offering to HP Co. HP Co. utilized the net proceeds to fund repurchases and redemptions of its outstanding Senior Notes, and to repay other indebtedness, to facilitate the separation of Hewlett Packard Enterprise from HP Co.

During fiscal 2015, the Company incurred issuance costs of $54 million which are included in Other assets in the Consolidated Balance Sheets and are being amortized to interest expense over the term of the Notes. As of October 31, 2016, issuance costs included in Other assets in the Consolidated Balance Sheets amounted to $50 million.

On November 23, 2016, Hewlett Packard Enterprise launched an offer to exchange new registered notes for all of the outstanding $14.6 billion of unregistered Senior Notes. The terms of the new Notes in the exchange offer are substantially identical to the terms of the outstanding unregistered Senior Notes, except that the new Notes will be registered under the Securities Act, and certain transfer restrictions, registration rights and additional interest provisions relating to the outstanding Senior Notes do not apply to the new Notes.

As disclosed in Note 12, ''Financial Instruments'', the Company uses interest rate swaps to mitigate the exposure of its debt portfolio to changes in fair value resulting from changes in interest rates by achieving a primarily U.S. dollar LIBOR-based floating interest rate. Concurrent with the issuance of the Senior Notes, Hewlett Packard Enterprise entered into interest rate swaps to reduce the exposure of $9.5 billion of aggregate principal amount of fixed rate Senior Notes to changes in fair value resulting from changes in interest rates by achieving LIBOR-based floating interest rate. Interest rates on long-term debt in the table above have not been adjusted to reflect the impact of any interest rate swaps.

Note 13: Borrowings (Continued)

Available Borrowing Resources

The Company had the following resources available to obtain short- or long-term financing if additional liquidity is needed:

	As of October 31, 2016
	In millions
Commercial paper programs	$4,174
Uncommitted lines of credit	$1,884

Commercial Paper

Hewlett Packard Enterprise's Board of Directors has authorized the issuance of up to $4.0 billion in aggregate principal amount of commercial paper by Hewlett Packard Enterprise. Hewlett Packard Enterprise's subsidiaries are authorized to issue up to an additional $500 million in aggregate principal amount of commercial paper. Hewlett Packard Enterprise maintains two commercial paper programs, and a wholly-owned subsidiary maintains a third program. Hewlett Packard Enterprise's U.S. program provides for the issuance of U.S. dollar-denominated commercial paper up to a maximum aggregate principal amount of $4.0 billion. Hewlett Packard Enterprise's euro commercial paper program provides for the issuance of commercial paper outside of the U.S. denominated in U.S. dollars, euros or British pounds up to a maximum aggregate principal amount of $3.0 billion or the equivalent in those alternative currencies. The combined aggregate principal amount of commercial paper outstanding under those programs at any one time cannot exceed the $4.0 billion authorized by Hewlett Packard Enterprise's Board of Directors. The Hewlett Packard Enterprise subsidiary's euro Commercial Paper/Certificate of Deposit Program provides for the issuance of commercial paper in various currencies of up to a maximum aggregate principal amount of $500 million.

Revolving Credit Facility

On November 1, 2015, the Company entered into a revolving credit facility (the ''Credit Agreement''), together with the lenders named therein, JPMorgan Chase Bank, N.A. (''JPMorgan''), as co-administrative agent and administrative processing agent, and Citibank, N.A., as co-administrative agent, providing for a senior, unsecured revolving credit facility with aggregate lending commitments of $4.0 billion. Loans under the revolving credit facility may be used for general corporate purposes. Commitments under the Credit Agreement are available for a period of five years, which period may be extended, subject to satisfaction of certain conditions, by up to two, one-year periods. Commitment Fees, interest rates and other terms of borrowing under the credit facility vary based on Hewlett Packard Enterprise's external credit rating.

Future Maturities of Long-term Debt

As of October 31, 2016, aggregate future maturities of the Company's long-term debt at face value (excluding a fair value adjustment related to hedged debt of $103 million and a net discount on debt issuance of $1 million), including capital lease obligations were as follows:

Fiscal year	In millions
2017	$ 2,777
2018	2,948
2019	40
2020	3,002
2021	57
Thereafter	6,458
Total	$15,282

Note 14: Related Party Transactions and Former Parent Company Investment

Prior to November 1, 2015, the Company consisted of the enterprise technology infrastructure, software, services, and financing businesses of former Parent and thus, transactions with former Parent were considered related party transactions. Following November 1, 2015, in connection with the Separation, the Company became an independent publicly-traded company. As a result, transactions with HP Inc. are no longer considered related party transactions.

On October 31, 2015 and November 1, 2015, in connection with the Separation, the Company entered into several agreements with former Parent that govern the relationship between the Company and former Parent following the distribution, including the following:

- Separation and Distribution Agreement;
- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Real Estate Matters Agreement;
- Master Commercial Agreement; and
- Information Technology Service Agreement.

These agreements provided the allocation between the Company and former Parent's assets, employees, liabilities, and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the Separation. Obligations under the service and commercial contracts generally extend through five years.

Final Cash Allocation from former Parent

In December 2015, and in connection with the Separation and Distribution Agreement, the Company received a net cash allocation of $526 million from former Parent. The cash allocation was based on the projected cash requirements of the Company, in light of the intended investment grade credit rating, business plan and anticipated operations and activities.

Receivable from and Payable (to) former Parent

	As of October 31, 2015
	In millions
Receivable from former Parent[1]	$ 492
Payable to former Parent[2]	(343)
Net receivable from former Parent	$ 149

[1] The Company includes the receivable from former Parent in Other current assets in the accompanying Consolidated Balance Sheets.

[2] The Company includes the employee compensation and benefits portion in Employee compensation and benefits, and all other accruals from former Parent in Other accrued liabilities in the accompanying Consolidated Balance Sheets.

Purchases from former Parent

During fiscal 2015 and 2014, the Company purchased equipment from other businesses of former Parent in the amount of $1.3 billion and $1.2 billion, respectively.

Note 14: Related Party Transactions and Former Parent Company Investment (Continued)

Allocation of Corporate Expenses

Prior to the Separation, the Consolidated and Combined Statements of Earnings and Comprehensive Income include an allocation of general corporate expenses from former Parent for certain management and support functions which are provided on a centralized basis within former Parent. These management and support functions include, but are not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue, expenses, headcount, or other relevant measures. These allocations were $3.6 billion and $4.2 billion in fiscal 2015 and 2014, respectively.

Management of the Company and former Parent consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, the Company. These allocations may not, however, reflect the expense the Company would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Company had been a standalone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Former Parent Company Investment

Former Parent company investment in the Consolidated Balance Sheets represents former Parent's historical investment in the Company, the net effect of transactions with and allocations from former Parent and the Company's accumulated earnings.

In connection with the Separation, the Company entered into a Tax Matters Agreement with former Parent, which resulted in the indemnification of certain pre-Separation tax liabilities. During the fiscal year ended October 31, 2016, Separation-related adjustments totaling $1.2 billion were recorded in stockholders' equity. Separation-related adjustments to equity primarily reflected the impact of the income tax indemnification and the transfer of certain deferred tax assets and liabilities between former Parent and the Company. See Note 18, ''Guarantees, Indemnifications and Warranties'', for a full description of the Tax Matters Agreement.

As of November 1, 2015, in connection with the Separation and distribution, former Parent's investment in the Company's business was re-designated as stockholders' equity and allocated between common stock and additional paid-in capital based on the number of shares of the Company's common stock outstanding at the distribution date.

Net Transfers from former Parent

Net transfers from former Parent are included within former Parent company investment in the Consolidated Balance Sheets. Former Parent historically used a centralized approach to cash management and the financing of its operations. Prior to the Separation, transactions between the Company and former Parent were considered to be effectively settled for cash at the time the transaction was recorded. The net effect of these transactions is included in Net transfer from former Parent in Consolidated and Combined Statements of Cash Flows.

Note 15: Stockholders' Equity

Taxes related to Other Comprehensive Loss

	Fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Taxes on change in net unrealized (losses) gains on available-for-sale securities:			
Tax benefit (provision) on net unrealized (losses) gains arising during the period	$ 2	$ 2	$ (1)
Tax benefit on losses reclassified into earnings	(2)	—	—
	—	2	(1)
Taxes on change in net unrealized (losses) gains on cash flow hedges:			
Tax provision on net unrealized gains arising during the period	(14)	(69)	(32)
Tax provision on net (gains) losses reclassified into earnings	25	76	1
	11	7	(31)
Taxes on change in unrealized components of defined benefit plans:			
Tax benefit on losses arising during the period	63	30	58
Tax benefit on amortization of actuarial loss and prior service benefit	(20)	(10)	(6)
Tax provision on curtailments, settlements and other	(1)	—	(3)
Tax benefit on Plans transferred from former Parent during the period	—	255	—
	42	275	49
Taxes on change in cumulative translation adjustment:			
Tax on cumulative translation adjustment arising during the period	20	(73)	(27)
Tax on release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	(22)	—	—
	(2)	(73)	(27)
Tax benefit (provision) on other comprehensive loss	$ 51	$211	$(10)

Note 15: Stockholders' Equity (Continued)

Changes and reclassifications related to Other Comprehensive Loss, net of taxes

	Fiscal years ended October 31,		
	2016	2015	2014
		In millions	
Other comprehensive loss, net of taxes:			
Change in net unrealized (losses) gains on available-for-sale securities:			
Net unrealized (losses) gains arising during the period	$ (2)	$ (8)	$ 4
Losses (gains) reclassified into earnings	1	—	(1)
	(1)	(8)	3
Change in net unrealized (losses) gains on cash flow hedges:			
Net unrealized gains arising during the period	212	412	79
Net (gains) losses reclassified into earnings[1]	(245)	(404)	61
	(33)	8	140
Change in unrealized components of defined benefit plans:			
Losses arising during the period	(1,714)	(352)	(736)
Amortization of actuarial loss and prior service benefit[2]	264	204	76
Curtailments, settlements and other	(19)	4	15
Plans transferred from former Parent during the period	—	(2,352)	—
Merged into former Parent's Shared plan during the period	—	—	61
	(1,469)	(2,496)	(584)
Change in cumulative translation adjustment:			
Cumulative translation adjustment arising during the period	(134)	(271)	(112)
Release of cumulative translation adjustment as a result of H3C and MphasiS divestitures	53	—	—
	(81)	(271)	(112)
Other comprehensive loss, net of taxes	$(1,584)	$(2,767)	$(553)

[1] Reclassification of pre-tax (gains) losses on cash flow hedges into the Consolidated and Combined Statements of Earnings was as follows:

	2016	2015	2014
		In millions	
Net revenue	$ (19)	$(276)	$ 4
Cost of products	—	(6)	(3)
Other operating expenses	—	4	9
Gain on MphasiS divestiture	(8)	—	—
Interest and other, net	(243)	(202)	50
	$(270)	$(480)	$60

[2] These components are included in the computation of net pension and post-retirement benefit (credit) cost in Note 4, ''Retirement and Post-Retirement Benefit Plans''.

Note 15: Stockholders' Equity (Continued)

The components of accumulated other comprehensive loss, net of taxes as of October 31, 2016 and changes during fiscal 2016 were as follows:

	Net unrealized gains (losses) on available-for-sale securities	Net unrealized gains (losses) on cash flow hedges	Unrealized components of defined benefit plans	Cumulative translation adjustment	Accumulated other comprehensive loss
			In millions		
Balance at beginning of period	$55	$ 68	$(4,173)	$ (965)	$(5,015)
Other comprehensive (loss) income before reclassifications	(2)	212	(1,733)	(134)	(1,657)
Reclassifications of (gains) losses into earnings	1	(245)	264	53	73
Balance at end of period	$54	$ 35	$(5,642)	$(1,046)	$(6,599)

Dividends

On November 11, 2015, the Board of Directors of the Company authorized a regular quarterly cash dividend for its common stock. The stockholders of HPE common stock are entitled to receive dividends when and as declared by HPE's Board of Directors. Dividends declared were $0.22 per common share in fiscal 2016.

Share Repurchase Program

On October 13, 2015, the Board of Directors of the Company announced the authorization of a $3.0 billion share repurchase program. On May 24, 2016, the Board of Directors announced the authorization of an additional $3.0 billion under the share repurchase program. The Company's share repurchase program authorizes both open market and private repurchase transactions and does not have a specific expiration date. The Company may choose to repurchase shares when sufficient liquidity exists and the shares are trading at a discount relative to estimated intrinsic value.

The Company entered into two separate accelerated share repurchase agreements (''ASR Agreements'') with financial institutions in November 2015 and May 2016. Under the ASR agreements, the Company paid upfront amounts of $1,075 million and $1,450 million, respectively. For fiscal 2016, the Company retired a total of 158 million shares as a result of its share repurchase program, which included purchases of 148 million shares under the ASR Agreements with the remainder under open market repurchases. The 158 million shares were retired and recorded as a $2.7 billion reduction to stockholder's equity. The 148 million shares repurchased under the ASR agreements were repurchased based on the daily volume weighted-average stock price of the Company's common stock during the term of the transaction, plus transaction fees. As of October 31, 2016, the Company had remaining authorization of $3.3 billion for future share repurchases.

Note 16: Net Earnings Per Share

The Company calculates basic net EPS using net earnings and the weighted-average number of shares outstanding during the reporting period. Diluted net EPS includes the weighted-average dilutive effect of restricted stock awards, stock options, and performance-based awards.

For periods prior to fiscal 2015, the Company calculated basic net EPS using the net earnings and number of Hewlett-Packard Company shares outstanding as of October 31, 2015. On November 1, 2015, the distribution date, Hewlett-Packard Company shareholders received one share of HPE common stock for every share of Hewlett-Packard Company common stock held as of the record date, October 21, 2015.

Note 16: Net Earnings Per Share (Continued)

The reconciliations of the numerators and denominators of each of the basic and diluted net EPS calculations were as follows:

	Fiscal years ended October 31,		
	2016	2015	2014
	In millions, except per share amounts		
Numerator:			
Net earnings	$3,161	$2,461	$1,648
Denominator:[1][2]			
Weighted-average shares used to compute basic net EPS	1,715	1,804	1,804
Dilutive effect of employee stock plans[3]	24	30	30
Weighted-average shares used to compute diluted net EPS	1,739	1,834	1,834
Net earnings per share:			
Basic	$ 1.84	$ 1.36	$ 0.91
Diluted	$ 1.82	$ 1.34	$ 0.90
Anti-dilutive weighted-average stock awards[4]	32	28	28

[1] The Company considers restricted stock awards that provide the holder with a non-forfeitable right to receive dividends to be participating securities. As of October 31, 2016 and 2015, there were no shares outstanding of restricted stock that provided the holder with a non-forfeitable right to receive dividends. For fiscal 2014, net earnings allocated to participating securities were not significant.

[2] On November 1, 2015, the Separation and distribution date, HP Inc. stockholders received one share of Hewlett Packard Enterprise common stock for every share of HP Inc. common stock held as of the record date, October 21, 2015. For comparative purposes, the same number of shares used to compute basic and diluted net earnings per share for the fiscal year ended October 31, 2015 is used in the calculation of basic and diluted net earnings per share for fiscal 2015 and 2014.

[3] For fiscal 2015 and 2014, the Company calculated the weighted-average dilutive effect of employee stock plans after conversion by multiplying the dilutive Hewlett-Packard Company stock-based awards attributable to Hewlett Packard Enterprise employees for the fiscal year ended October 31, 2015 by the price conversion ratio used to convert those awards to equivalent units of Hewlett Packard Enterprise awards on the Separation date. The price conversion ratio was calculated using the closing price of Hewlett-Packard Company common shares on October 31, 2015 divided by the opening price of Hewlett Packard Enterprise common shares on November 2, 2015.

[4] The Company excludes stock awards where the assumed proceeds exceed the average market price from the calculation of diluted net EPS, because their effect would be anti-dilutive. The assumed proceeds of a stock award include the sum of its exercise price (if the award is an option), average unrecognized compensation cost and excess tax benefit. For the fiscal years ended October 31, 2015 and 2014, the Company's anti-dilutive shares were calculated by multiplying the anti-dilutive Hewlett-Packard Company stock-based awards attributable to Hewlett Packard Enterprise employees for the fiscal year ended October 31, 2015 by the price conversion ratio used to convert those awards to equivalent units of Hewlett Packard Enterprise awards on the Separation date. The price conversion ratio was calculated using the closing price of Hewlett-Packard Company common shares on October 31, 2015 divided by the opening price of Hewlett Packard Enterprise common shares on November 2, 2015.

Note 17: Litigation and Contingencies

Hewlett Packard Enterprise is involved in various lawsuits, claims, investigations and proceedings including those consisting of IP, commercial, securities, employment, employee benefits and environmental matters, which arise in the ordinary course of business. In addition, as part of the Separation and Distribution Agreement, Hewlett Packard Enterprise and HP Inc. (formerly known as ''Hewlett-Packard Company'') agreed

Note 17: Litigation and Contingencies (Continued)

to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreement included provisions that allocate liability and financial responsibility for pending litigation involving the parties, as well as provide for cross-indemnification of the parties against liabilities to one party arising out of liabilities allocated to the other party. The Separation and Distribution Agreement also included provisions that assign to the parties responsibility for managing pending and future litigation related to the general corporate matters of HP Inc. arising prior to the Separation. Hewlett Packard Enterprise records a liability when it believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Significant judgment is required to determine both the probability of having incurred a liability and the estimated amount of the liability. Hewlett Packard Enterprise reviews these matters at least quarterly and adjusts these liabilities to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information and events pertaining to a particular matter. Litigation is inherently unpredictable. However, Hewlett Packard Enterprise believes it has valid defenses with respect to legal matters pending against us. Nevertheless, cash flows or results of operations could be materially affected in any particular period by the resolution of one or more of these contingencies. Hewlett Packard Enterprise believes it has recorded adequate provisions for any such matters and, as of October 31, 2016, it was not reasonably possible that a material loss had been incurred in connection with such matters in excess of the amounts recognized in its financial statements.

Litigation, Proceedings and Investigations

Fair Labor Standards Act Litigation. Hewlett Packard Enterprise is involved in several pre-Separation lawsuits in which the plaintiffs are seeking unpaid overtime compensation and other damages based on allegations that various employees of Electronic Data Systems Corporation (''EDS'') or HP Inc. have been misclassified as exempt employees under the Fair Labor Standards Act (the ''FLSA'') and/or in violation of the California Labor Code or other state laws. Those matters include the following:

- *Karlbom, et al. v. Electronic Data Systems Corporation* was a class action filed on March 16, 2009 in California Superior Court alleging that certain information technology employees allegedly involved in installing and/or maintaining computer software and hardware were misclassified as exempt employees. On October 30, 2015, plaintiffs filed a motion to certify a Rule 23 state class of all California-based EDS employees in the Infrastructure Associate, Infrastructure Analyst, Infrastructure Specialist, and Infrastructure Specialist Senior job codes from March 16, 2005 through October 31, 2009 who they claim were improperly classified as exempt from overtime under state law. On January 22, 2016, the court denied plaintiffs' motion for class certification. On April 8, 2016, plaintiffs filed a notice of appeal to the California Court of Appeal, which was later dismissed voluntarily. On October 3, 2016, the court dismissed this matter with prejudice pursuant to an agreed-upon settlement.
- *Benedict v. Hewlett-Packard Company* was a purported class and collective action filed on January 10, 2013 in the United States District Court for the Northern District of California alleging that certain technical support employees allegedly involved in installing, maintaining and/or supporting computer software and/or hardware for HP Inc. were misclassified as exempt employees under the FLSA. The plaintiffs also alleged that HP Inc. violated California law by, among other things, allegedly improperly classifying these employees as exempt. On February 13, 2014, the court granted plaintiff's motion for conditional class certification. On May 7, 2015, plaintiff filed a motion to certify a Rule 23 state class of certain Technical Solutions Consultants in California, Massachusetts, and Colorado who they claim were improperly classified as exempt from overtime under state law. On July 30, 2015, the court dismissed the Technology Consultant and certain Field Technical Support Consultant opt-ins from the conditionally certified FLSA collective action. The court denied plaintiffs' motion for Rule 23 class certification on March 29, 2016. On April 12, 2016, plaintiffs filed a notice of appeal of that decision to the United States Court of Appeal for the Ninth Circuit, which was denied. On July 13, 2016, the court granted HP's motion to decertify the FLSA class that had

Note 17: Litigation and Contingencies (Continued)

been conditionally certified on February 13, 2014. Currently, only the claims of the three individual named plaintiffs remain in the district court.

India Directorate of Revenue Intelligence Proceedings. On April 30 and May 10, 2010, the India Directorate of Revenue Intelligence (the ''DRI'') issued show cause notices to Hewlett-Packard India Sales Private Ltd (''HP India''), a subsidiary of HP Inc., seven HP India employees and one former HP India employee alleging that HP India underpaid customs duties while importing products and spare parts into India and seeking to recover an aggregate of approximately $370 million, plus penalties. Prior to the issuance of the show cause notices, HP India deposited approximately $16 million with the DRI and agreed to post a provisional bond in exchange for the DRI's agreement to not seize HP India products and spare parts and to not interrupt the transaction of business by HP India.

On April 11, 2012, the Bangalore Commissioner of Customs issued an order on the products-related show cause notice affirming certain duties and penalties against HP India and the named individuals of approximately $386 million, of which HP India had already deposited $9 million. On December 11, 2012, HP India voluntarily deposited an additional $10 million in connection with the products-related show cause notice. On April 20, 2012, the Commissioner issued an order on the parts-related show cause notice affirming certain duties and penalties against HP India and certain of the named individuals of approximately $17 million, of which HP India had already deposited $7 million. After the order, HP India deposited an additional $3 million in connection with the parts-related show cause notice so as to avoid certain penalties.

HP India filed appeals of the Commissioner's orders before the Customs Tribunal along with applications for waiver of the pre-deposit of remaining demand amounts as a condition for hearing the appeals. The Customs Department has also filed cross-appeals before the Customs Tribunal. On January 24, 2013, the Customs Tribunal ordered HP India to deposit an additional $24 million against the products order, which HP India deposited in March 2013. The Customs Tribunal did not order any additional deposit to be made under the parts order. In December 2013, HP India filed applications before the Customs Tribunal seeking early hearing of the appeals as well as an extension of the stay of deposit as to HP India and the individuals already granted until final disposition of the appeals. On February 7, 2014, the application for extension of the stay of deposit was granted by the Customs Tribunal until disposal of the appeals. On October 27, 2014, the Customs Tribunal commenced hearings on the cross-appeals of the Commissioner's orders. The Customs Tribunal rejected HP India's request to remand the matter to the Commissioner on procedural grounds. The hearings were scheduled to reconvene on April 6, 2015, and again on November 3, 2015 and April 11, 2016, but were canceled at the request of the Customs Tribunal. No new hearing date has been set.

Department of Justice, Securities and Exchange Commission Proceedings. In April 2014, HP Inc. and HP Inc. subsidiaries in Russia, Poland, and Mexico collectively entered into agreements with the U.S. Department of Justice (''DOJ'') and the Securities and Exchange Commission (''SEC'') to resolve claims of Foreign Corrupt Practices Act (''FCPA'') violations. Pursuant to the terms of the resolutions with the DOJ and SEC, HP Inc. was required to undertake certain compliance, reporting and cooperation obligations for a three year period. In October of 2015, Hewlett Packard Enterprise contractually undertook the same compliance, reporting and cooperation obligations that were held by HP Inc. under the DOJ resolutions for the balance of the three year period. Hewlett Packard Enterprise has reached a similar agreement with the SEC, which is set forth in an amended SEC administrative order dated July 15, 2016.

ECT Proceedings. In January 2011, the postal service of Brazil, Empresa Brasileira de Correios e Telégrafos (''ECT''), notified a former subsidiary of HP Inc. in Brazil (''HP Brazil'') that it had initiated administrative proceedings to consider whether to suspend HP Brazil's right to bid and contract with ECT related to alleged improprieties in the bidding and contracting processes whereby employees of HP Brazil and employees of several other companies allegedly coordinated their bids and fixed results for three ECT contracts in 2007 and 2008. In late July 2011, ECT notified HP Brazil it had decided to apply the penalties against HP Brazil and suspend HP Brazil's right to bid and contract with ECT for five years, based upon the

Note 17: Litigation and Contingencies (Continued)

evidence before it. In August 2011, HP Brazil appealed ECT's decision. In April 2013, ECT rejected HP Brazil's appeal, and the administrative proceedings were closed with the penalties against HP Brazil remaining in place. In parallel, in September 2011, HP Brazil filed a civil action against ECT seeking to have ECT's decision revoked. HP Brazil also requested an injunction suspending the application of the penalties until a final ruling on the merits of the case. The court of first instance has not issued a decision on the merits of the case, but it has denied HP Brazil's request for injunctive relief. HP Brazil appealed the denial of its request for injunctive relief to the intermediate appellate court, which issued a preliminary ruling denying the request for injunctive relief but reducing the length of the sanctions from five to two years. HP Brazil appealed that decision and, in December 2011, obtained a ruling staying enforcement of ECT's sanctions until a final ruling on the merits of the case. HP Brazil expects the decision to be issued in 2017 and any subsequent appeal on the merits to last several years.

Cisco Systems. On August 21, 2015, Cisco Systems, Inc. (''Cisco'') and Cisco Systems Capital Corporation (''Cisco Capital'') filed an action in Santa Clara County Superior Court for declaratory judgment and breach of contract against HP Inc. in connection with a dispute arising out of a third-party's termination of a services contract with HP Inc. As part of that third-party services contract, HP Inc. separately contracted with Cisco on an agreement to utilize Cisco products and services. HP Inc. prepaid the entire amount due Cisco through a financing arrangement with Cisco Capital. Following the termination of HP Inc.'s services contract with the third-party, HP Inc. no longer required Cisco's products and services, and accordingly, exercised its contractual termination rights under the agreement with Cisco, and requested that Cisco apply the appropriate credit toward the remaining balance owed Cisco Capital. This lawsuit relates to the calculation of that credit under the agreement between Cisco and HP Inc. Cisco contends that after the credit is applied, HP Inc. still owes Cisco Capital approximately $58 million. HP Inc. contends that under a proper reading of the agreement, HP Inc. owes nothing to Cisco Capital, and that Cisco owes a significant amounts to HP Inc. On December 18, 2015, the court held a status conference at which it lifted the responsive pleading and discovery stay. Following the conference, Cisco filed an amended complaint that abandons the claim for breach of contract set forth in the original complaint, and asserts a single cause of action for declaratory relief concerning the proper calculation of the cancellation credit. On January 19, 2016, HP Inc. filed a counterclaim for breach of contract simultaneously with its answer to the amended complaint. Fact discovery is scheduled to conclude December 16, 2016. Expert discovery is scheduled to be completed by March 31, 2017. The court has not set a trial date.

Washington DC Navy Yard Litigation: In December 2013, HP Enterprise Services, LLC (''HPES'') was named in the first lawsuit arising out of the September 2013 Washington DC Navy Yard shooting that resulted in the deaths of twelve individuals. The perpetrator was an employee of The Experts, HPES's now-terminated subcontractor on its IT services contract with the U.S. Navy. This initial action was filed in the Middle District of Florida but was transferred in February 2015 to the United States District Court for the District of Columbia so that it and all other known cases arising out of the shooting could be heard before the same Judge. HPES has been named as a defendant in fifteen lawsuits arising out of the shooting, including six lawsuits that were filed immediately prior to the expiration of the statute of limitations on September 16, 2016. All cases assert various negligence claims against HPES, The Experts, and other parties, including the U.S. Navy. The court previously dismissed the plaintiffs' claims against the U.S. Navy but did not, at that time, decide the motions to dismiss of HPES or The Experts. On September 15, 2016, the court issued an opinion granting in part and denying in part HPES' motion to dismiss the nine cases filed prior to September 2016. HPES also moved to dismiss the six most recently filed complaints on November 21, 2016.

Forsyth, et al. vs. HP Inc. and Hewlett Packard Enterprise: This purported class and collective action was filed on August 18, 2016 in the United States District Court for the Northern District of California, against HP Inc. and Hewlett Packard Enterprise alleging defendants violated 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 by terminating older workers and replacing them with younger workers. Plaintiffs seek to certify a nationwide collective action under the ADEA comprised of all U.S. residents

Note 17: Litigation and Contingencies (Continued)

employed by defendants who had their employment terminated pursuant to a WFR plan on or after May 23, 2012, and who were 40 years of age or older at the time of termination. 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 May 23, 2012.

Hewlett-Packard Company v. Oracle (Itanium): On June 15, 2011, HP Inc. filed suit against Oracle in Santa Clara Superior Court in connection with Oracle's March 2011 announcement that it was discontinuing software support for HP Inc.'s Itanium-based line of mission critical servers. HP Inc. asserted, among other things, that Oracle's actions breached the contract that was signed by the parties as part of the settlement of the litigation relating to Oracle's hiring of Mark Hurd. The matter eventually progressed to trial, which was bifurcated into two phases. HP Inc. prevailed in the first phase of the trial, in which the court ruled that the contract at issue required Oracle to continue to offer its software products on HP Inc.'s Itanium-based servers for as long as HP Inc. decided to sell such servers. Phase 2 of the trial was then postponed by Oracle's appeal of the trial court's denial of Oracle's ''anti-SLAPP'' motion, in which Oracle argued that HP Inc.'s damages claim infringed on Oracle's First Amendment rights. On August 27, 2015, the Court of Appeal rejected Oracle's appeal. The matter was remanded to the trial court for Phase 2 of the trial, which began on May 23, 2016, and was submitted to the jury on June 29, 2016. On June 30, 2016, the jury returned a verdict in favor of HP Inc., awarding HP Inc. approximately $3 billion in damages: $1.7 billion for past lost profits and $1.3 billion for future lost profits. Final judgment was entered on October 20, 2016. Oracle has publicly stated that it will appeal. The Company expects that any appeal could take several years to be resolved and could materially affect the amount ultimately recovered by the Company. The amounts ultimately awarded, if any, would be recorded in the period received. Pursuant to the terms of the Separation and Distribution Agreement, HP Inc. and Hewlett Packard Enterprise will share equally in any recovery from Oracle once Hewlett Packard Enterprise has been reimbursed for all costs incurred in the prosecution of the action prior to the HP Inc./Hewlett Packard Enterprise separation on November 1, 2015.

Environmental

The Company's operations and products are or may in the future become subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the clean-up of contaminated sites, the substances and materials used in the Company's products, the energy consumption of products, services and operations and the operational or financial responsibility for recycling, treatment and disposal of those products. This includes legislation that makes producers of electrical goods, including servers and networking equipment, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as ''product take-back legislation''). The Company could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become non-compliant with environmental laws. The Company's potential exposure includes impacts on revenue, fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs to comply with environmental laws are difficult to predict.

In particular, the Company may become a party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act (''CERCLA''), known as ''Superfund,'' or other federal, state or foreign laws and regulations addressing the clean-up of contaminated sites, and may become a party to, or otherwise involved in, proceedings brought by private parties for contribution towards clean-up costs. The Company is also contractually obligated to make financial contributions to address actions related to certain environmental liabilities, both ongoing and arising in the future, pursuant to its Separation and Distribution Agreement with HP Inc.

Note 18: Guarantees, Indemnifications and Warranties

Guarantees

In the ordinary course of business, the Company may issue performance guarantees to certain of its clients, customers and other parties pursuant to which the Company has guaranteed the performance obligations of third parties. Some of those guarantees may be backed by standby letters of credit or surety bonds. In general, the Company would be obligated to perform over the term of the guarantee in the event a specified triggering event occurs as defined by the guarantee. The Company believes the likelihood of having to perform under a material guarantee is remote.

The Company has entered into service contracts with certain of its clients that are supported by financing arrangements. If a service contract is terminated as a result of the Company's non-performance under the contract or failure to comply with the terms of the financing arrangement, the Company could, under certain circumstances, be required to acquire certain assets related to the service contract. The Company believes the likelihood of having to acquire a material amount of assets under these arrangements is remote.

Indemnifications

In the ordinary course of business, the Company enters into contractual arrangements under which the Company may agree to indemnify a third party to such arrangement from any losses incurred relating to the services they perform on behalf of the Company or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. The Company also provides indemnifications to certain vendors and customers against claims of IP infringement made by third parties arising from the use by such vendors and customers of the Company's software products and services and certain other matters. Some indemnifications may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

General Cross-indemnification

In connection with the Separation, the Company entered into a Separation and Distribution Agreement with HP Inc. effective November 1, 2015 where the Company agreed to indemnify HP Inc., each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to the Company as part of the Separation. HP Inc. similarly agreed to indemnify the Company, each of its subsidiaries and each of their respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from, among other matters, the liabilities allocated to HP Inc. as part of the Separation. As a result, as of October 31, 2016 and October 31, 2015 the Company recorded both a receivable from HP Inc. of $56 million and $232 million and a payable to HP Inc. of $41 million and $38 million related to litigation matters and other contingencies, respectively.

Shared Litigation with HP Inc.

As part of the Separation and Distribution Agreement, the Company and HP Inc. agreed to cooperate with each other in managing certain existing litigation related to both parties' businesses. The Separation and Distribution Agreement also included provisions that assign to the parties responsibility for managing pending and future litigation related to general corporate matters of HP Inc. arising prior to the Separation.

Tax Matters Agreement and Other Income Tax Matters

In connection with the Separation, the Company entered into a Tax Matters Agreement (the ''Tax Matters Agreement'') with HP Inc. effective November 1, 2015 that governs the rights and obligations of the Company and HP Inc. for certain pre-Separation tax liabilities. The Tax Matters Agreement provides that the Company and HP Inc. will share certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to the Company and HP Inc.'s U.S. and certain non-U.S. income tax returns. In certain jurisdictions,

Note 18: Guarantees, Indemnifications and Warranties (Continued)

the Company and HP Inc. have joint and several liability for past income tax liabilities and accordingly, the Company could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. In these cases, the Company records the entire liability, which is partially offset by the indemnification receivable from HP Inc., thereby reflecting the Company's net exposure in its Consolidated Balance Sheets.

In addition, if the Distribution of Hewlett Packard Enterprise's common shares to the HP Inc. shareholders are determined to be taxable, the Company and HP Inc. would share the tax liability equally, unless the taxability of the Distribution is the direct result of action taken by either the Company or HP Inc. subsequent to the Distribution in which case the party causing the Distribution to be taxable would be responsible for any taxes imposed on the Distribution.

As of October 31, 2016, the Company recorded a net long-term receivable of $1.3 billion from HP Inc. for certain tax liabilities that the Company is joint and severally liable for, but for which it is indemnified by HP Inc. under the Tax Matters Agreement. The actual amount that the Company may receive could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

Warranties

The Company accrues the estimated cost of product warranties at the time it recognizes revenue. The Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, contractual warranty terms, repair costs, product call rates, average cost per call, current period product shipments and ongoing product failure rates, as well as specific product class failures outside of the Company's baseline experience, affect the estimated warranty obligation.

The Company's aggregate product warranty liabilities and changes therein were as follows:

	Fiscal years ended October 31,	
	2016	2015
	In millions	
Balance at beginning of year	$ 523	$ 571
Accruals for warranties issued	376	373
Adjustments related to pre-existing warranties (including changes in estimates)	1	(16)
Divested as part of the H3C transaction	(23)	—
Settlements made (in cash or in kind)	(380)	(405)
Balance at end of year	$ 497	$ 523

Note 19: Commitments

Lease Commitments

The Company leases certain real and personal property under non-cancelable operating leases. Certain leases require the Company to pay property taxes, insurance and routine maintenance and include renewal options and escalation clauses. Rent expense on operating leases was approximately $0.7 billion in fiscal 2016 and fiscal 2015 and approximately $0.8 billion in fiscal 2014.

Property under capital leases is comprised primarily of equipment and furniture. Capital lease assets included in Property, plant and equipment in the Consolidated Balance Sheets were $173 million and $203 million as of October 31, 2016 and 2015, respectively. Accumulated depreciation on the property under capital lease was $161 million and $186 million as of October 31, 2016 and 2015, respectively.

Note 19: Commitments (Continued)

As of October 31, 2016, future minimum lease commitments on the Company's operating leases were as follows:

Fiscal Year	In millions
2017	$ 557
2018	464
2019	333
2020	257
2021	185
Thereafter	594
Less: Sublease rental income	(169)
Total	$2,221

Unconditional Purchase Obligations

At October 31, 2016, the Company had unconditional purchase obligations of approximately $1.8 billion. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. These unconditional purchase obligations are related principally to software maintenance and support services and other items. Unconditional purchase obligations exclude agreements that are cancelable without penalty.

As of October 31, 2016, future unconditional purchase obligations were as follows:

Fiscal Year	In millions
2017	$ 537
2018	529
2019	419
2020	175
2021	122
Thereafter	16
Total	$1,798

Note 20: Equity Method Investments

The Company includes investments which are accounted for using the equity method, under Investments in equity interests on the Company's Consolidated Balance Sheets. As of October 31, 2016, the Company's Investments in equity interests primarily included $2.6 billion related to a 49% equity interest in H3C.

Investment in H3C

In May 2016, Tsinghua Holdings' subsidiary, Unisplendour Corporation, purchased 51% of a new business named H3C, which is comprised of Hewlett Packard Enterprise's former H3C Technologies and China-based servers, storage and technology services businesses which were previously reported within the EG segment. The Company retained a 49% interest in the new company, which it records as an equity method investment.

In fiscal 2016, the Company recorded its interest in the net earnings of H3C along with an adjustment to eliminate unrealized profits on intra-entity sales, and the amortization of basis difference, within earnings/loss from equity interests in the Consolidated and Combined Statements of Earnings.

Note 20: Equity Method Investments (Continued)

In order to identify the basis difference resulting from the sale of its portion of the H3C business, the Company was required to determine the fair value of the identifiable assets and assumed liabilities on the date of sale in the same manner as it would in a business combination. These determined fair values were compared with the asset and liability carrying values reported on the Company's Consolidated Balance Sheet as of the sale date; the resulting difference was considered basis difference. Any excess cost of the investment over the Company's proportional fair value of the H3C assets acquired and liabilities assumed was identified as equity method goodwill.

The difference between the sale date carrying value of the Company's investment in H3C and its proportionate share of the net assets of H3C, which is the basis difference is summarized as follows:

	In millions
Carrying value of investment in H3C	$2,739
Proportionate share of net assets of H3C	205
Basis difference	$2,534

The basis difference was allocated as follows:

	In millions
Equity method goodwill	$1,674
Intangible assets	749
In-process research and development	188
Deferred tax liabilities	(152)
Other	75
Basis difference	$2,534

The Company amortizes the basis difference over the estimated useful lives of the assets that gave rise to this difference. The weighted-average life of the H3C intangible assets is five years and will be amortized using a straight-line method. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record the full basis difference charge for the value of the related intangible asset to its Consolidated and Combined Statements of Earnings in the period of abandonment. Equity method goodwill is not amortized or tested for impairment; instead the equity method investment is tested for impairment whenever factors indicate that the carrying value of the investment may not be recoverable.

In fiscal 2016, the Company recorded a Loss from equity interests of $76 million in the Consolidated and Combined Statement of Earnings, $93 million of which represented basis difference amortization, $15 million for elimination of profit on intra-entity sales and $32 million represented the Company's share of H3C's net income. This loss was reflected as a reduction in the carrying amount in Investments in equity interests in the Consolidated Balance Sheet as of October 31, 2016.

The Company also has commercial arrangements with H3C to buy and sell HPE branded servers, storage and technology services.

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	For the three-month periods ended in fiscal 2016			
	January 31	April 30	July 31	October 31
Net revenue	$12,724	$12,711	$12,210	$12,478
Cost of sales	9,112	9,068	8,638	8,689
Research and development	585	624	555	534
Selling, general and administrative	1,998	2,021	1,938	1,864
Amortization of intangible assets	218	201	210	126
Restructuring charges	311	161	369	395
Acquisition and other related charges	37	53	37	51
Separation costs	79	91	135	293
Gain on H3C and MphasiS divestitures	—	—	(2,169)	(251)
Total costs and expenses	12,340	12,219	9,713	11,701
Earnings from operations	384	492	2,497	777
Interest and other, net	(80)	(60)	(78)	(94)
Tax indemnification adjustments	15	(69)	60	311
Loss from equity interests	—	—	(72)	(4)
Earnings before taxes	319	363	2,407	990
Provision for taxes	(52)	(43)	(135)	(688)
Net earnings	$ 267	$ 320	$ 2,272	$ 302
Net earnings per share:[1]				
Basic	$ 0.15	$ 0.19	$ 1.35	$ 0.18
Diluted	$ 0.15	$ 0.18	$ 1.32	$ 0.18
Cash dividends declared per share	$ 0.110	$ 0.055	$ 0.055	$ —
Weighted-average shares used to compute net earnings per share:[1]				
Basic	1,761	1,725	1,681	1,672
Diluted	1,778	1,751	1,715	1,709

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	For the three-month periods ended in fiscal 2015			
	January 31	April 30	July 31	October 31
Net revenue	$13,053	$12,549	$13,057	$13,448
Cost of sales	9,433	8,965	9,307	9,463
Research and development	532	552	602	652
Selling, general and administrative	1,973	1,974	2,040	2,038
Amortization of intangible assets	203	204	225	220
Restructuring charges	132	248	24	550
Acquisition and other related charges	4	19	46	20
Separation costs	44	159	255	339
Defined benefit plan settlement charges	—	—	178	47
Impairment of data center assets	—	—	136	—
Total costs and expenses	12,321	12,121	12,813	13,329
Earnings from operations	732	428	244	119
Interest and other, net	(18)	(30)	4	(9)
Earnings before taxes	714	398	248	110
(Provision) benefit for taxes	(167)	(93)	(24)	1,275
Net earnings	$ 547	$ 305	$ 224	$ 1,385
Net earnings per share:[1]				
Basic	$ 0.30	$ 0.17	$ 0.13	$ 0.76
Diluted	$ 0.30	$ 0.16	$ 0.13	$ 0.75
Weighted-average shares used to compute net earnings per share:[1]				
Basic	1,804	1,804	1,804	1,804
Diluted	1,834	1,834	1,834	1,834

[1] On November 1, 2015, HP Inc. (formerly Hewlett-Packard Company) shareholders received one share of Hewlett Packard Enterprise common stock for every share of Hewlett-Packard Company common stock held as of the record date. The number of shares used to compute the basic and diluted net earnings per share as of October 31, 2015 is used for calculation of net earnings per share for all periods presented in this quarterly summary. See Note 16, ‘‘Net Earnings Per Share’’, for details on shares used to compute net earnings per share as of October 31, 2015.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report (the ''Evaluation Date''). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to Hewlett Packard Enterprise, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to Hewlett Packard Enterprise's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

See Management's Report of Internal Control Over Financial Reporting and the Report of Independent Registered Public Accounting Firm on our internal control over financial reporting in Item 8, which are incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any change in our internal control over financial reporting during that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information.

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of Hewlett Packard Enterprise and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in Hewlett Packard Enterprise's Proxy Statement related to its 2017 Annual Meeting of Stockholders to be filed within 120 days after Hewlett Packard Enterprise's fiscal year end of October 31, 2016 (the ''Proxy Statement'') and is incorporated herein by reference:

- Information regarding directors of Hewlett Packard Enterprise including those who are standing for reelection and any persons nominated to become directors of Hewlett Packard Enterprise is set forth under ''Corporate Governance—Board Leadership Structure'' and/or ''Proposals to be Voted On—Proposal No. 1—Election of Directors''.
- Information regarding Hewlett Packard Enterprise's Audit Committee and designated ''audit committee financial experts'' is set forth under ''Board Structure and Committee Composition—Audit Committee''.
- Information on Hewlett Packard Enterprise's code of business conduct and ethics for directors, officers and employees, also known as the ''Standards of Business Conduct,'' and on Hewlett Packard Enterprise's Corporate Governance Guidelines is set forth under ''Corporate Governance Principles and Board Matters''.
- Information regarding Section 16(a) beneficial ownership reporting compliance is set forth under ''Section 16(a) Beneficial Ownership Reporting Compliance''.

ITEM 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding Hewlett Packard Enterprise's compensation of its named executive officers is set forth under ''Executive Compensation''.
- Information regarding Hewlett Packard Enterprise's compensation of its directors is set forth under ''Director Compensation and Stock Ownership Guidelines''.
- The report of Hewlett Packard Enterprise's HR and Compensation Committee is set forth under ''HR and Compensation Committee Report on Executive Compensation''.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under ''Common Stock Ownership of Certain Beneficial Owners and Management''.
- Information regarding Hewlett Packard Enterprise's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled ''Equity Compensation Plan Information''.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under ''Transactions with Related Persons''.
- Information regarding director independence is set forth under ''Corporate Governance Principles and Board Matters—Director Independence''.

ITEM 14. Principal Accounting Fees and Services.

Information regarding principal accounting fees and services is set forth under ''Principal Accounting Fees and Services'' in the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—''Financial Statements and Supplementary Data.''

Report of Independent Registered Public Accounting Firm 76

Consolidated and Combined Statements of Earnings 79

Consolidated and Combined Statements of Comprehensive Income 80

Consolidated Balance Sheets 81

Consolidated and Combined Statements of Cash Flows 82

Consolidated and Combined Statements of Stockholders' Equity 83

Notes to Consolidated and Combined Financial Statements 84

Quarterly Summary 162

2. Financial Statement Schedules:

All schedules are omitted as the required information is not applicable or the information is presented in the Consolidated and Combined Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

A list of exhibits filed or furnished with this Annual Report on Form 10-K (or incorporated by reference to exhibits previously filed or furnished by Hewlett Packard Enterprise) is provided in the accompanying Exhibit Index. Hewlett Packard Enterprise will furnish copies of exhibits for a reasonable fee (covering the expense of furnishing copies) upon request. Stockholders may request exhibits copies by contacting:

Hewlett Packard Enterprise Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: December 15, 2016

HEWLETT PACKARD ENTERPRISE COMPANY

By: /s/ TIMOTHY C. STONESIFER

Timothy C. Stonesifer
Executive Vice President and
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Timothy C. Stonesifer, John F. Schultz and Rishi Varma, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

Signature	Title(s)	Date
/s/ MARGARET C. WHITMAN Margaret C. Whitman	President and Chief Executive Officer (Principal Executive Officer)	December 15, 2016
/s/ TIMOTHY C. STONESIFER Timothy C. Stonesifer	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 15, 2016
/s/ JEFF T. RICCI Jeff T. Ricci	Senior Vice President and Controller (Principal Accounting Officer)	December 15, 2016
/s/ PATRICIA F. RUSSO Patricia F. Russo	Chairman	December 15, 2016
/s/ DANIEL L. AMMANN Daniel L. Ammann	Director	December 15, 2016
/s/ MARC L. ANDREESSEN Marc L. Andreessen	Director	December 15, 2016
/s/ MICHAEL J. ANGELAKIS Michael J. Angelakis	Director	December 15, 2016
/s/ LESLIE A. BRUN Leslie A. Brun	Director	December 15, 2016
/s/ PAMELA L. CARTER Pamela L. Carter	Director	December 15, 2016

Signature	Title(s)	Date
/s/ KLAUS KLEINFELD Klaus Kleinfeld	Director	December 15, 2016
/s/ RAYMOND J. LANE Raymond J. Lane	Director	December 15, 2016
/s/ ANN M. LIVERMORE Ann M. Livermore	Director	December 15, 2016
/s/ RAYMOND E. OZZIE Raymond E. Ozzie	Director	December 15, 2016
/s/ GARY M. REINER Gary M. Reiner	Director	December 15, 2016
Lip-Bu Tan	Director	December 15, 2016
/s/ MARY AGNES WILDEROTTER Mary Agnes Wilderotter	Director	December 15, 2016

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
2.1	Separation and Distribution Agreement, dated as of October 31, 2015, by and among Hewlett-Packard Company, Hewlett Packard Enterprise Company and the Other Parties Thereto	8-K	001-37483	2.1	November 5, 2015
2.2	Transition Services Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.2	November 5, 2015
2.3	Tax Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.3	November 5, 2015
2.4	Employee Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.4	November 5, 2015
2.5	Real Estate Matters Agreement, dated as of October 31, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.5	November 5, 2015
2.6	Master Commercial Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and Hewlett Packard Enterprise Company	8-K	001-37483	2.6	November 5, 2015
2.7	Information Technology Service Agreement, dated as of November 1, 2015, by and between Hewlett-Packard Company and HP Enterprise Services, LLC	8-K	001-37483	2.7	November 5, 2015
3.1	Registrant’s Amended and Restated Certificate of Incorporation	8-K	001-37483	3.1	November 5, 2015
3.2	Registrant’s Amended and Restated Bylaws effective October 31, 2015	8-K	001-37483	3.2	November 5, 2015
4.1	Senior Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee	8-K	001-37483	4.1	October 13, 2015
4.2	First Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company’s 2.450% notes due 2017	8-K	001-37483	4.2	October 13, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.3	Second Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 2.850% notes due 2018	8-K	001-37483	4.3	October 13, 2015
4.4	Third Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 3.600% notes due 2020	8-K	001-37483	4.4	October 13, 2015
4.5	Fourth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.400% notes due 2022	8-K	001-37483	4.5	October 13, 2015
4.6	Fifth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 4.900% notes due 2025	8-K	001-37483	4.6	October 13, 2015
4.7	Sixth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.200% notes due 2035	8-K	001-37483	4.7	October 13, 2015
4.8	Seventh Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's 6.350% notes due 2045	8-K	001-37483	4.8	October 13, 2015
4.9	Eighth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2017	8-K	001-37483	4.9	October 13, 2015
4.1	Ninth Supplemental Indenture, dated as of October 9, 2015, between Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to Hewlett Packard Enterprise Company's floating rate notes due 2018	8-K	001-37483	4.1	October 13, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
4.11	Guarantee Agreement, dated as of October 9, 2015, between Hewlett-Packard Company, Hewlett Packard Enterprise Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, in favor of the holders of the Notes	8-K	001-37483	4.1	October 13, 2015
4.12	Registration Rights Agreement, dated as of October 9, 2015, among Hewlett Packard Enterprise Company, Hewlett-Packard Company, and the representatives of the initial purchasers of the Notes	8-K	001-37483	4.1	October 13, 2015
4.13	Eighth Supplemental Indenture, dated as of November 1, 2015, among Hewlett Packard Enterprise Company, HP Enterprise Services, LLC and the Bank of New York Mellon Trust Company, N.A., as Trustee, relating to HP Enterprise Services LLC's 7.45% Senior Notes due October 2029.	10-K	001-37483	4.13	December 17, 2015
10.1	Amended and Restated Hewlett Packard Enterprise Company 2015 Stock Incentive Plan‡*				
10.2	Hewlett Packard Enterprise Company 2015 Employee Stock Purchase Plan	10	001-37483	10.2	September 28, 2015
10.3	Hewlett Packard Enterprise Company Severance and Long-Term Incentive Change in Control Plan for Executive Officers*	10	001-37483	10.4	September 28, 2015
10.4	Hewlett Packard Enterprise Executive Deferred Compensation Plan*	S-8	001-37483	4.3	October 30, 2015
10.5	Hewlett Packard Enterprise Grandfathered Executive Deferred Compensation Plan*	S-8	001-37483	4.4	October 30, 2015
10.6	Form of Non-Qualified Stock Option Grant Agreement*	8-K	001-37483	10.4	November 5, 2015
10.7	Form of Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.5	November 5, 2015
10.8	Form of Performance-Adjusted Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.6	November 5, 2015
10.9	Form of Restricted Stock Unit Launch Grant Agreement*	8-K	001-37483	10.7	November 5, 2015
10.10	Form of Performance-Contingent Non-Qualified Stock Option Launch Grant Agreement*	8-K	001-37483	10.8	November 5, 2015
10.11	Form of Non-Employee Director Stock Options Grant Agreement*	8-K	001-37483	10.9	November 5, 2015
10.12	Form of Non-Employee Director Restricted Stock Unit Grant Agreement*	8-K	001-37483	10.1	November 5, 2015
10.13	Credit Agreement, dated as of November 1, 2015, by and among Hewlett Packard Enterprise Company, JPMorgan Chase Bank, N.A., Citibank, N.A., and the other parties thereto	8-K	001-37483	10.1	November 5, 2015

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10.14	Form of Restricted Stock Units Grant Agreement, as amended and restated effective January 1, 2016*	10-Q	001-37483	10.14	March 10, 2016
10.15	Form of Performance-Adjusted Restricted Stock Unit Agreement, as amended and restated effective January 1, 2016*	10-Q	001-37483	10.15	March 10, 2016
10.16	Description of Transaction-Related Equity Award Amendments‡*				
12	Statement of Computation of Ratio of Earnings to Fixed Charges‡				
21	Subsidiaries of Hewlett Packard Enterprise Company‡				
23	Consent of Independent Registered Public Accounting Firm‡				
24	Power of Attorney (included on the signature page)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended‡				
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†				
101.INS	XBRL Instance Document‡				
101.SCH	XBRL Taxonomy Extension Schema Document‡				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document‡				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document‡				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document‡				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document‡				

* Indicates management contract or compensation plan, contract or arrangement
‡ Filed herewith
† Furnished herewith

The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis and (ii) schedules or exhibits omitted pursuant to Item 601(b)(2) of Regulation S-K of any material plan of acquisition, disposition or reorganization set forth above.

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

Hewlett Packard
Enterprise

Forward-looking statements

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise and its consolidated subsidiaries may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, share repurchases, currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring charges; any statements of the plans, strategies and objectives of management for future operations, including the recently announced divestiture transactions and the future performance of the post-divestitures Hewlett Packard Enterprise , as well as the execution of restructuring plans and any resulting cost savings or revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise's businesses; the competitive pressures faced by Hewlett Packard Enterprise's businesses; risks associated with executing Hewlett Packard Enterprise's strategy, including the divestiture transactions; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of Hewlett Packard Enterprise's products and the delivery of Hewlett Packard Enterprise's services effectively; the protection of Hewlett Packard Enterprise's intellectual property assets, including intellectual property licensed from third parties and shared with its former parent; risks associated with Hewlett Packard Enterprise's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the results of the divestiture transactions or restructuring plans, including estimates and assumptions related to the cost (including any possible disruption of Hewlett Packard Enterprise's business) and the anticipated benefits of implementing the divestiture transactions and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described in Hewlett Packard Enterprise's Annual Report on Form 10-K for the fiscal year ended October 31, 2016 and that are otherwise described or updated from time to time in Hewlett Packard Enterprise's Securities and Exchange Commission reports. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements.

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC® C012076

The cover of this annual report is printed on 80 lb Cougar 10% Recycled Cover and the text is printed on 35lb. White Financial Opaque, FSC® Certified stock, 3-10% Recycled content, both being environmentally and socially responsible papers. The cover and text contain fibers from well-managed forests, independent certified according to the standards of the Forest Stewardship Council® ("FSC").

Copyright 2017 Hewlett Packard Enterprise Company. The information contained herein is subject to change without notice. This document is provided for informational purposes only. The only warranties for Hewlett Packard Enterprise Company products and services are set forth in the express warranty statements accompanying such products and services. Nothing herein should be construed as constituting an additional warranty. Hewlett Packard Enterprise Company shall not be liable for technical or editorial errors or omissions contained herein.

HPE17-ARNPS10KW, Created January 2017

Thriving on **Change**

2017 Annual Report

DXC.technology

DXC

LISTED

NYSE

NYSE bell ringing,
April 3, 2017

LISTED
NYSE
DXC.technology
2330
632
GTS

A Letter from Mike Lawrie

"The DXC Technology brand will be built on a foundation of trust and transformation, and a relentless drive to help clients thrive on change."

Mike Lawrie
Chairman, President and
Chief Executive Officer,
DXC Technology

On April 1, 2017, we began a new chapter in our transformation by completing the combination of CSC with the Enterprise Services business of Hewlett Packard Enterprise Company (HPE). DXC Technology Company (DXC), which began trading on the New York Stock Exchange under the ticker symbol "DXC" on April 3, is now the world's leading independent, end-to-end IT services company, with a mission of leading clients on their digital transformation journeys.

DXC was created in direct response to the seismic shifts taking place in the technology industry — specifically the need for large enterprises to digitally transform their end-to-end operations.

So when we announced the merger on May 24, 2016, we set out to create a new company with a highly differentiated brand and culture that would produce greater value for clients, partners and stockholders, along with growth opportunities for our people. In a little more than 10 months, we delivered on our promise and launched DXC with an ambitious agenda and the overwhelming support of our stockholders.

From the outset, our vision behind combining two highly complementary businesses was to create a more powerful and versatile global technology services business — an enterprise that would be well positioned to innovate, compete and serve clients in a rapidly changing marketplace. We have been steadfast in our pursuit of this vision.

- We combined the best of both businesses to create a compelling value proposition that has been well received among clients, partners, employees, investors and analysts.
- Our people worked tirelessly and collaboratively to build the foundation for our operational and organizational models, along with our go-to-market strategy.

In DXC, we have a distinctive brand that boldly captures who we are and how we do business: a force multiplier, enabling clients to seize the opportunities presented by today's rapidly changing technologies.

- We have a strong leadership team in place — individuals who can best help our company and our people realize the tremendous opportunity ahead of us.
- Our people possess the ability to help drive the changes necessary to create a strong and winning culture.
- Our board of directors brings exceptional knowledge, experience and talent to our new company.

On March 27, 2017, holders of approximately 85 percent of the outstanding shares of CSC common stock voted in favor of the merger, representing approximately 99 percent of the votes cast at the special meeting, a showing of broad support for the merger and our business transformation.

CSC FY17 in Review

In fiscal year 2017, CSC delivered strong growth in revenue, adjusted earnings before interest and taxes (EBIT) and adjusted free cash flow. Non-GAAP diluted earnings per share from continuing operations was $3.10 in fiscal year 2017.[1] Reflecting merger-related integration and transaction costs, as well as pension and restructuring costs, CSC's diluted earnings per share from continuing operations was $(0.88).

[1] Please see non-GAAP reconciliation to EPS on page 32 of the 10-K.

At CSC, we advanced our transformation and strategic priorities, especially with respect to growth and next-gen IT capabilities, client focus, alliance partnerships and people development:

- We acquired Xchanging and Aspediens, extending our leadership in key industries and offerings.
- We expanded our strategic alliances with AT&T, AWS, Dell EMC, HDS, IBM, SAP and ServiceNow, and created a new strategic alliance with PwC.
- We made strategic investments in Racemi and Virtual Clarity as well as eBECS to help clients accelerate their transformations to the public cloud and drive more value from their Microsoft-centric projects.
- We consolidated our offering families and created a seamless Build-Sell-Deliver operating model that is more closely aligned with our clients' needs.
- We continued to strengthen our workforce with the launch of the new CSC University.
- We were recognized in more than 100 industry analyst assessments across seven influential analyst firms. Our next-gen offerings were ranked as leaders 24 different times, in areas such as cloud, cybersecurity and infrastructure. We also garnered recognition for our leadership in insurance and healthcare, and our Procurement as a Service capabilities.

In summary, CSC's final fiscal year was approached with vigor and passion. We sent a strong message to the marketplace about our ability to thrive on change. Even while our teams did the hard work of integration, we maintained a relentless focus on our clients and built positive momentum.

The Road Ahead

“New, but not born yesterday” neatly sums up DXC’s identity and points to a value proposition that sets us apart from a crowded digital field. DXC has a clear and confident vision for navigating the future, and has met the challenges of innovation many times. While some may see us as a newcomer, we have nearly 6,000 clients in 70 countries and a network of more than 250 global partners. We are part of the Standard & Poor’s (S&P) 500 Index.

NEW.
BUT NOT BORN
YESTERDAY.

CSC AND HPE ENTERPRISE SERVICES ARE NOW DXC TECHNOLOGY.

Introducing a brand-new company with 60 years of innovation behind it. We have a clear vision of how to create the future. And the hard-won experience to make it happen.

DXC.technology/GetItDone

DXC.technology | THRIVE ON CHANGE.

© 2017 DXC Technology Company. All rights reserved.

As a company, DXC will invest in skills development, training and recruitment of top talent to strengthen our foundation and ability to serve clients. We are fully committed to corporate responsibility and sustainability across our global operations, and recently we were recognized by *Corporate Responsibility Magazine* as a 2017 Best Corporate Citizen.

DXC leads clients through accelerating change, helping them harness the power of technology to deliver new outcomes for their businesses. We strive to support a culture of performance, matched with integrity. Our CLEAR Values guide our instincts and inform our actions: ***C****lient-Focused*, ***L****eadership*, *Execution* ***E****xcellence*, ***A****spiration*, ***R****esults*.

The debut of DXC was soundly embraced across all the communities we serve. Our journey has been immeasurably challenging and fulfilling. Together, we have been part of a historic, memorable and, for most, once-in-a-lifetime experience. Your ongoing commitment to our vision, mission and goals made our new venture possible. I extend my personal thanks to everyone who helped make this happen.

For DXC, our work has just now begun.

Our success will be measured by the trust we earn from clients, working shoulder to shoulder with them and with our partner network to solve complex challenges in ways that minimize business risk and maximize opportunity. Our world-class talent must be part of our clients' teams, innovating with them and putting the right technology to work for their organizations. In this way, collaborative client relationships that flex and grow will be integral to meeting new challenges with confidence, speed and agility.

Thank you. We have a great deal to look forward to as DXC.

MIKE LAWRIE

Chairman, President and Chief Executive Officer

2017 Directors and Executive Officers of DXC

Board of Directors

J. Michael Lawrie
Chairman, President and
Chief Executive Officer,
DXC Technology

Mukesh Aghi [2]
President,
U.S.-India Business Council

Amy E. Alving [3]
Former Chief Technology Officer,
Science Applications
International Corporation

David L. Herzog [1]
Former Executive Vice President
and Chief Financial Officer,
American International Group

Sachin Lawande [2]
President and
Chief Executive Officer,
Visteon Corporation

Julio A. Portalatin [2]
Chief Executive Officer,
Mercer, LLC

Peter Rutland *[1]
Partner and Global Co-Head
of Financial Services,
CVC Capital Partners Limited

Manoj P. Singh [3]
Former Chief Operating Officer and
Global Managing Partner,
Deloitte Touche Tohmatsu, Limited

Margaret C. Whitman [3]
President and
Chief Executive Officer,
Hewlett Packard Enterprise

Robert F. Woods [1]
Former Senior Vice President and
Chief Financial Officer,
SunGard Data Systems, Inc.

Executive Officers

J. Michael Lawrie
Chairman, President and
Chief Executive Officer

Paul N. Saleh
Executive Vice President and
Chief Financial Officer

William L. Deckelman Jr.
Executive Vice President,
General Counsel and Secretary

Michael G. Nefkens
Executive Vice President and
General Manager,
Regions and Industries

Stephen Hilton
Executive Vice President,
Global Delivery Organization

Joanne Mason
Executive Vice President and
Chief Human Resources Officer

Neil A. Manna
Senior Vice President, Controller

Committee memberships

1. Audit 2. Compensation 3. Nominating/Corporate Governance
* Lead Independent Director

DXC Shareholder Information

Stock Information

Common stock symbol: DXC, listed and traded on the New York Stock Exchange. Shares of common stock outstanding were 284,644,845 shares as of June 12, 2017. There were 52,208 stockholders of record as of June 12, 2017.

Transfer Agent and Registrar

All inquiries concerning registered shareholder accounts and stock transfer matters, including address changes and consolidation of multiple accounts, should be directed to Wells Fargo Shareowner Services, DXC's transfer agent and registrar.

Shareholder correspondence should be mailed to:

Regular mail:
Wells Fargo Shareowner Services
P.O. Box 64874
St. Paul, MN 55164-0874

First Class, registered and certified mail:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
www.shareowneronline.com

By phone:
1.800.468.9716 (U.S. Domestic)
1.651.450.4064 (International)

Financial Community Information

Institutional and individual investors, financial analysts and portfolio managers should contact:

DXC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
1.703.245.9700
investor.relations@dxc.com

Written requests, including requests for DXC filings with the U.S. Securities and Exchange Commission (SEC), should be directed to:

DXC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
investor.relations@dxc.com

To enroll in electronic delivery of DXC's Proxy Statement, Annual Report and other materials, log on to: http://www.icsdelivery.com

DXC Website

Additional DXC information is available at www.dxc.technology, including all of the documents DXC files with or furnishes to the SEC, which are available free of charge.

Annual Meeting

The Annual Meeting of Stockholders will be held on August 10, 2017, at 10:30 a.m. Eastern Time, and will be a virtual meeting conducted via live webcast. Attend the meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting/DXC. To participate in the Annual Meeting, you will need the 16-digit control number included on your notice of internet availability of the proxy materials, on your proxy card or on the instructions that accompany your proxy materials.

Dividend Policy

On April 3, 2017, DXC announced a dividend policy targeting $0.72 per share for full year fiscal 2018, subject to customary Board review and approval.

Independent Auditors

Deloitte & Touche LLP
7900 Tysons One Place, Suite 800
McLean, VA 22102

Forward-Looking Statements

All statements in this Annual Report that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. 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. For a written description of these factors, see the section titled “Risk Factors” in Computer Sciences Corporation’s (CSC) Form 10-K for the fiscal year ended March 31, 2017, and DXC’s (formerly named Everett SpinCo, Inc.) Form S-4 filed on February 24, 2017, and any updating information in subsequent SEC filings. 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 Annual Report or to reflect the occurrence of unanticipated events except as required by law.

Explanatory Note

DXC was formed through the spin-off of the Enterprise Services business (Everett) of HPE on March 31, 2017, and merger of a wholly-owned subsidiary of DXC with CSC on April 1, 2017, which resulted in CSC becoming a wholly owned subsidiary of DXC. Because CSC is deemed the acquirer in this combination for accounting purposes under U.S. Generally Accepted Accounting Principles (GAAP), CSC is considered DXC's predecessor, and the historical financial statements of CSC prior to April 1, 2017, will be reflected in DXC's future quarterly and annual reports as DXC's historical financial statements. Accordingly, this Annual Report for the fiscal year ended March 31, 2017, includes the Form 10-K solely of CSC. The consolidated financial statements, other financial information and the business information set forth within the CSC Form 10-K relates to CSC and its subsidiaries. The CSC Form 10-K includes the consolidated balance sheets of CSC and its subsidiaries as of March 31, 2017, and April 1, 2016, and the related consolidated statements of operations, comprehensive (loss) income, cash flows and changes in equity for each of the three fiscal years in the period ended March 31, 2017, which periods predate the April 1, 2017, effective date of the merger transaction involving CSC and Everett.

Set forth below is a supplemental brief description of the Everett business before it became part of DXC upon consummation of the spin-off on March 31, 2017, and merger on April 1, 2017, which was described in further detail in the registration statement on Form S-4 (Registration No. 333-214393) filed by Everett in connection with the merger.

Business Segments, Products and Services

Everett consists of the Enterprise Services segment of HPE excluding (a) the Mphasis Limited reporting unit and (b) the Communications and Media Solutions product group. The Everett business has been organized into the following two segments:

- *Infrastructure Technology Outsourcing.* Everett's Infrastructure Technology Outsourcing group delivers services that streamline and help optimize clients' technology infrastructure to efficiently enhance performance, reduce costs, mitigate risk and enable business optimization. These services encompass the transition, transformation and management of data centers, IT security, cloud computing, workplace mobility, networks, unified communications and enterprise service management. Everett also offers a set of managed services that provide a cross-section of broader infrastructure services for smaller, discrete engagements.
- *Application and Business Services.* Everett's Application and Business Services portfolio helps clients develop, transform and manage their applications and information assets. Everett's complete application life cycle approach encompasses application development, testing, modernization, system integration, maintenance and management for both packaged and custom-built applications and cloud offerings. Everett's Application and Business Services portfolio also includes intellectual property-based industry solutions, along with technologies and related services, all of which help clients better manage their critical industry processes for customer relationship management, finance and administration, human resources, payroll and document processing.

Sales, Marketing and Distribution

Everett has managed its business and reported its financial results based on the segments described above. Everett's customers are organized by commercial and large enterprise groups, including business and public sector enterprises, and purchases of solutions and services may be

Explanatory Note (Continued)

fulfilled directly by Everett or indirectly through a variety of partners, including:

- Resellers that sell Everett's services, frequently with their own value-added products or services, to targeted customer groups;
- Distribution partners that supply Everett's solutions to resellers;
- Original equipment manufacturers that integrate Everett's services with their own products and services, and sell the integrated solution;
- Independent software vendors that provide their clients with specialized software products and often assist Everett in selling its services to clients purchasing their products;
- Systems integrators that provide expertise in designing and implementing custom IT solutions and often partner with Everett to extend their expertise or influence the sale of Everett's solutions and services; and
- Advisory firms that provide various levels of management and IT consulting, including some systems integration work, and typically partner with Everett on client solutions that require Everett's unique solutions and services.

The mix of Everett's business conducted by direct sales or channel differs substantially by business and region. Based on customer buying patterns and different regional market conditions, Everett has tailored sales and marketing efforts accordingly. Everett has focused on driving the depth and breadth of its coverage, in addition to identifying efficiencies and productivity gains, in both direct and indirect businesses.

International

Everett's services are available worldwide. Everett developed this geographic diversity, allowing it to meet demand on a worldwide basis for customers, to draw on business and technical expertise from an international workforce, to provide stability to operations, to provide revenue streams that may offset geographic economic trends, as well as to build future growth.

Product Development, Services and Manufacturing

The locations of Everett's headquarters of geographic operations and major services development and delivery operations facilities are as follows:

Headquarters of Geographic Operations

Americas

Plano, TX, United States
Mississauga, Canada

Asia Pacific

Singapore
India: Bangalore, Chennai
China: Dalian, Wuhan
Malaysia: Kuala Lumpur
Philippines: Manila

Europe, Middle East, Africa

Bracknell, United Kingdom

Services Development, Delivery Operations

Americas

Brazil: Sao Paulo
Costa Rica: San Jose
Mexico: Guadalajara
United States: Herndon, VA; Houston and Plano, TX; Pontiac, MI

Europe, Middle East, Africa

Bulgaria: Sofia
Slovakia: Bratislava
Spain: Barcelona
Poland; Wroclaw, Warsaw
United Kingdom & Ireland: Newcastle, Glasgow, Thames Valley
Morocco: Rabat
Hungary: Budapest
Germany: Bad Homburg

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2017

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	**95-2043126**
(State of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1775 Tysons Boulevard Tysons, Virginia	**22102**
(Address of principal executive offices)	**(zip code)**

Registrant's telephone number, including area code: (703) 245-9700
Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered**
Common Stock, $1.00 par value per share	**New York Stock Exchange**
Preferred Stock Purchase Rights	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. □ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. □ Yes ☒ No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes □ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one).

Large Accelerated Filer ☒	Accelerated Filer □
Non-accelerated Filer □ (do not check if a smaller reporting company)	
Smaller reporting company □	Emerging growth company □

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). □ Yes ☒ No

As of September 30, 2016, the aggregate market value of the Registrant's stock held by non-affiliates of the Registrant was approximately $7,317,368,463.

As of May 18, 2017, 1,000 shares of Computer Sciences Corporation common stock, par value $0.01 per share, were outstanding all of which are held by parent company, DXC Technology Company.

Computer Sciences Corporation meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing portions of this Form 10-K with the reduced disclosure format specified in General Instruction I (2) of Form 10-K.

TABLE OF CONTENTS

Item		Page
	PART I	
1.	Business	2
1A.	Risk Factors	5
1B.	Unresolved Staff Comments	16
2.	Properties	17
3.	Legal Proceedings	18
4.	Mine Safety Disclosures	18
	PART II	
5.	Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	19
6.	Selected Financial Data	21
7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	22
7A.	Quantitative and Qualitative Disclosures about Market Risk	46
8.	Financial Statements and Supplementary Data	48
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	119
9A.	Controls and Procedures	119
9B.	Other Information	122
	PART III	
10.	Directors, Executive Officers and Corporate Governance	122
11.	Executive Compensation	122
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	122
13.	Certain Relationships and Related Transactions, and Director Independence	122
14.	Principal Accountant Fees and Services	122
	PART IV	
15.	Exhibits, Financial Statement Schedules	123

(This page intentionally left blank.)

EXPLANATORY NOTE

As previously disclosed, effective April 1, 2017, Computer Sciences Corporation (“CSC” or the “Company”) became a wholly owned subsidiary of DXC Technology Company (“DXC”), an independent public company formed in connection with the spin-off and combination with CSC of the enterprise services business of the Hewlett Packard Enterprise Company ("HPE"). DXC common stock began regular-way trading under the symbol “DXC” on the New York Stock Exchange on April 3, 2017.

This report is the Annual Report on Form 10-K for the fiscal year ended March 31, 2017 solely of CSC and not of DXC or the Enterprise Services business of HPE (this “Annual Report”). As a result, except as otherwise specifically noted herein, the consolidated financial statements, other financial information and the business information set forth herein only relates to CSC and its subsidiaries, as of and for the three years ended March 31, 2017, which periods predate the April 1, 2017 effective date of the previously disclosed merger transaction involving CSC. This Annual Report does not include the financial results of DXC or the Enterprise Services business of HPE ("HPES") for any periods. Accordingly, unless the context otherwise requires, references herein to “CSC,” the “Company,” “we,” “us” or “our” refer only to CSC and its pre-combination subsidiaries and not to DXC, HPES or their pre-combination subsidiaries.

Beginning with the Quarterly Report on Form 10-Q for the quarter ending June 30, 2017, DXC will report on a consolidated basis, representing the combined operations of CSC and HPES and their respective subsidiaries. Because CSC is deemed the acquirer in this combination for accounting purposes under U.S. Generally Accepted Accounting Principles ("GAAP"), CSC is considered DXC's predecessor, and the historical financial statements of CSC prior to April 1, 2017 will be reflected in DXC's future quarterly annual reports as DXC's historical financial statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements and assumptions contained in this Annual Report 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, competitive position, growth opportunities, 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 with DXC’s other 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 Merger (defined herein) within the anticipated time frame or in the anticipated amounts;*
- *other risks related to the Merger including anticipated tax treatment, unforeseen liabilities and future capital expenditures;*
- *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;*
- *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 and respond to emerging technological trends;*
- *the execution and performance of contracts by us and our suppliers, customers, clients and partners;*
- *the resolution of pending investigations, claims and disputes; and*
- *the other factors described under "Risk Factors."*

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 Annual Report or to reflect the occurrence of unanticipated events, except as required by law.

PART I

ITEM 1. BUSINESS

Computer Sciences Corporation is a next-generation global provider of information technology services and solutions. We help lead our clients through their digital transformations to meet new business demands and customer expectations in a market of escalating complexity, interconnectivity, mobility and opportunity. CSC was founded in 1959, incorporated in the state of Nevada and was listed on the New York Stock Exchange under the symbol "CSC" prior to the Merger (as defined below).

CSC's mission is to enable superior returns on our clients' technology investments through best-in-class vertical industry solutions, domain expertise, strategic partnerships with key technology leaders and global scale. We generally do not operate through exclusive agreements with hardware or software providers and believe this independence enables us to better identify and manage solutions specifically tailored to each client's needs.

Current and prospective clients are changing how they purchase and consume IT services. Clients today are seeking greater operational agility from their IT services and want to benefit from the insights provided by mobility, social media and big data analytics. As they do so, they continue to seek cost efficiencies by migrating from traditional IT infrastructure to the cloud. We strive to be a trusted IT partner to our clients by addressing these requirements and providing next-generation IT services that include applications modernization, cloud infrastructure, cyber security and big data solutions.

Merger with HPES

DXC was formed by the spin-off of the Enterprise Services business of Hewlett Packard Enterprise Company on March 31, 2017 and merger of CSC with a wholly owned subsidiary of DXC on April 1, 2017 (the "Merger"). As a result of the Merger, CSC became a wholly owned subsidiary of DXC. DXC common stock began regular-way trading under the symbol "DXC" on the New York Stock Exchange on April 3, 2017.

The strategic combination of the two complementary businesses created a leading independent, end-to-end IT services company, which is expected to have annual revenues of approximately $25 billion and nearly 6,000 public and private sector enterprise clients across 70 countries. DXC will focus on leading clients on their digital transformation journeys and helping clients thrive on significant business and market changes.

Acquisitions and Divestitures

During the fiscal year ended March 31, 2017 ("fiscal 2017"), we completed the acquisition of Xchanging plc ("Xchanging"), a provider of technology-enabled business solutions to organizations in global insurance and financial services, healthcare, manufacturing, real estate and the public sector, for total cash consideration of $492 million, net of cash acquired. The acquisition expanded our market coverage in the global insurance industry.

Segments and Services

Our reportable segments are Global Business Services ("GBS") and Global Infrastructure Services ("GIS"). Geographically, we have significant operations throughout North America, Europe, Asia and Australia. Segment and geographic information is included in Note 18 - "Segment and Geographic Information" to the consolidated financial statements. For a discussion of risks associated with our foreign operations, see Part I, Item 1A "Risk Factors" of this Annual Report.

Global Business Services

GBS provides innovative technology solutions including digital applications and applications services and software, which address key business challenges within the customer's industry. GBS strives to help clients understand and take advantage of industry trends of IT modernization and virtualization of the IT portfolio (hardware, software, networking, storage and computing assets). GBS has three primary focus areas: industry aligned next-generation software and solutions ("IS&S"); digital applications, our consulting and applications business, and big data services. Industry aligned next-generation software and solutions is centered on the insurance, banking, healthcare and life sciences industries, as well as manufacturing and other diversified industries. Activities are primarily related to vertical alignment of software solutions and process-based intellectual property that power mission-critical transaction engines, in addition to the provision of tailored business processing services. The digital applications business helps organizations innovate, transform and create sustainable competitive advantage through a combination of industry, business process, technology, systems integration and change management expertise, while optimizing and modernizing clients' business and technical environments, enabling clients to capitalize on emerging services such as cloud and mobility as well as big data within new commercial models including "as a Service." Key competitive differentiators for GBS include its global scale, solution objectivity, depth of industry expertise, strong partnerships, vendor and product independence and end-to-end solutions and capabilities. Changing business issues such as globalization, fast-developing economies, government regulation and growing concerns around risk, security and compliance drive demand for these GBS offerings. Contract awards are estimated at the time of contract signing based on then existing projections of service volumes and currency exchange rates and include approved option years. During fiscal 2017, GBS had contract awards of $4.9 billion compared to $4.3 billion in the fiscal year ended April 1, 2016 ("fiscal 2016").

Global Infrastructure Services

GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data center management, cyber security, computed and managed storage solutions to commercial clients globally. GIS also delivers CSC's next-generation cloud offerings, including Infrastructure as a Service ("IaaS"), private cloud solutions and Storage as a Service. GIS provides a portfolio of standard offerings that have predictable outcomes and measurable results while reducing business risk and operational costs for clients. To provide clients with differentiated offerings, GIS maintains a select number of key alliance partners to make investments in developing unique offerings and go-to-market strategies. This collaboration helps us determine the best technology, develop road maps and enhance opportunities to differentiate solutions, expand market reach, augment capabilities and jointly deliver impactful solutions. During fiscal 2017, GIS had contract awards of $3.7 billion compared to $4.3 billion during fiscal 2016.

Our revenues mix by line of business was as follows:

	Fiscal Years Ended		
	March 31, 2017	**April 1, 2016**	**April 3, 2015**
Global Business Services	55%	51%	50%
Global Infrastructure Services	45	49	50
Total Revenues	100%	100%	100%

Trademarks and Service Marks

We own or have rights to various trademarks, logos, service marks and trade names that are used in the operation of our business. We also own or have the rights to copyrights that protect the content of our products. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Annual Report are listed without the ™, ®

and © symbols, but such omission does not waive any rights that might be associated with the respective trademarks, service marks, trade names and copyrights included or referred to herein.

Competition

The IT and professional services markets in which we compete are not dominated by a single company or a small number of companies. A substantial number of companies offer services that overlap and are competitive with those we offer. In addition, the increased importance of offshore labor centers has brought several foreign-based firms into competition with us. Offshore IT outsourcers selling directly to end-users have captured an increasing share of the market as they compete directly with U.S. domestic suppliers of these services. We continue to increase resources in offshore locations to mitigate this market development.

More recently, the accelerating demand for multi-tenant infrastructure services, commonly referred to as cloud computing offerings, is continuing to alter the landscape of competition. New entrants to our markets are offering service models that change the decision criteria and contracting expectations of our target customers. Major competitors in this area include large and well-funded technology companies that are increasingly using social, mobile, analytics and cloud technologies to create agile new business models. Smaller and more nimble companies also continue to enter and disrupt markets with innovations in cloud computing and other areas which could emerge as significant competitors to us.

We have responded to these changing market conditions with new capabilities, partnerships and offerings that are intended to position us favorably in high-growth markets for next-generation IT services and solutions. For example, our acquisition of UXC in fiscal 2016 strengthened our next-generation delivery model. We also expanded our range of cloud-based service-management solutions through our acquisition of Fruition and Aspediens, and strategic investments in Virtual Clarity and eBecs. Our strategic partnerships with AT&T and HCL Technologies similarly enable expanded cloud, applications modernization and other next-generation technology services.

Our ability to obtain new business and retain existing business is dependent upon our ability to offer improved strategic frameworks and technical solutions, better value, quicker responses, increased flexibility, superior quality, a higher level of experience, or a combination of these factors. Management believes that our lines of business are positioned to compete effectively in the GBS and GIS markets based on our technology and systems expertise and large project management skills. Management believes that our competitive position is enhanced by the full spectrum of IT and professional services we provide including consulting, software and systems design, implementation and integration, IT and business process outsourcing and technical services delivered to a broad commercial customer base.

Employees

We have offices worldwide and as of March 31, 2017, had approximately 60,000 employees in more than 50 countries. The services we provide require proficiency in many fields, comprising but not limited to computer sciences, programming, telecommunications networks, mathematics, physics, engineering, operations research, finance, economics, statistics and business administration.

Available Information

Following the Merger, CSC is a wholly owned subsidiary of DXC. DXC’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished to the U.S. Securities and Exchange Commission, are available free of charge on DXC's website, www.dxc.technology as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC. DXC’s corporate governance guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee) and code of ethics entitled "Code of Business Conduct" are also available on DXC's website. CSC’s SEC filings are also available on DXC’s website. The information on DXC's website is not incorporated by reference into and is not a part of this report.

Item 1A. RISK FACTORS

Any of the following risks could 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 Annual Report. Additional risks and uncertainties not currently known or that are currently expected to be immaterial may also materially and adversely affect our business, financial condition, results of operations or the price of our common stock in the future. 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. Unless the context otherwise requires, as used in this section "Risk Factors," "we," "our" and "us" refers to CSC and the combined company for periods following the consummation of the Merger.

Risks Relating to Our Business

Achieving our growth objectives may prove unsuccessful. We may be unable to identify future attractive acquisitions and strategic partnerships, which may adversely affect our growth. In addition, if we are unable to consummate acquisition or other agreements we enter into or fail to achieve anticipated revenue improvements and cost reductions, our profitability may be materially and adversely affected.

We may fail to complete strategic transactions. Closing strategic transactions is subject to uncertainties and risks, including the risk that we will be unable to satisfy conditions to closing such as regulatory and financing conditions and the absence of material adverse changes to our business. In addition, our inability to successfully integrate the operations we acquire and leverage these operations to generate substantial cost savings could have a material adverse effect on our results of operations, cash flows and financial position. In order to achieve successful acquisitions, we will need to:

- successfully integrate the operations, as well as the accounting, financial controls, management information, technology, human resources and other administrative systems, of acquired businesses with existing operations and systems;
- maintain third-party relationships previously established by acquired companies;
- attract and retain senior management and other key personnel at acquired businesses; and
- successfully manage new business lines, as well as acquisition-related workload.

We may not be successful in meeting these challenges or any others encountered in connection with historical and future acquisitions. In addition, the anticipated benefits of one or more acquisitions may not be realized and future acquisitions could require dilutive issuances of equity securities and/or the assumption of contingent liabilities. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

We have also entered into and intend to identify and enter into additional strategic partnerships with other industry participants that will allow us to expand our business. However, we may be unable to identify attractive strategic partnership candidates or complete these partnerships on terms favorable to us. In addition, if we are unable to successfully implement our partnership strategies or our strategic partners do not fulfill their obligations or otherwise prove disadvantageous to our business, our investments in these partnerships and our anticipated business expansion could be adversely affected.

Our ability to continue to develop and expand our service offerings to address emerging business demands and technological trends may impact our future growth. If we are not successful in meeting these business challenges, our results of operations and cash flows may be materially and adversely affected.

Our ability to implement solutions for our customers, to incorporate new developments and improvements in technology that translate into productivity improvements for our customers and to develop service offerings that meet current and prospective customers' needs are critical to our success. The markets we serve are highly competitive. Our competitors may develop solutions or services that make our offerings obsolete. Our ability to develop and implement up to date solutions utilizing new technologies that meet evolving customer needs in cloud, consulting, industry software and solutions and application services markets will impact our future revenues growth and earnings.

Our ability to compete in certain markets we serve is dependent on our ability to continue to expand our capacity in certain offshore locations. However, as our presence in these locations increases, we are exposed to risks inherent to these locations which may adversely impact our revenues and profitability.

A significant portion of our application outsourcing and software development activities have been shifted to India and we plan to continue to expand our presence there and in other lower cost locations. As a result, we are exposed to the risks inherent to operating in India including (1) a highly competitive labor market for skilled workers which may result in significant increases in labor costs as well as shortages of qualified workers in the future and (2) the possibility that the U.S. federal government or the European Union may enact legislation that provides significant disincentives for customers to locate certain of their operations offshore, which would reduce the demand for the services we provide in India and may adversely impact our cost structure and profitability. In addition, India has experienced civil unrest and acts of terrorism and has been involved in confrontations with Pakistan. If India continues to experience this civil unrest or if its conflicts with Pakistan escalate, our operations in India could be adversely affected.

The Foreign Corrupt Practices Act ("FCPA") and similar anti-bribery laws in other jurisdictions prohibit U.S.-based companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We pursue opportunities in certain parts of the world that experience government corruption and in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our internal policies mandate compliance with all applicable anti-bribery laws. We require our employees, partners, subcontractors, agents and others who work for us or on our behalf to comply with the FCPA and other anti-bribery laws. There is no assurance that our policies or procedures will protect us against liability under the FCPA or other laws for actions taken by our employees, partners, subcontractors, agents and other intermediaries. If we are found to be liable for FCPA violations (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, results of operations or cash flows. In addition, detecting, investigating and resolving actual or alleged violations of the FCPA or other anti-bribery violations is expensive and could consume significant time and attention of our senior management.

Security breaches, cyber attacks or service interruptions could expose us to liability or impair our reputation, which could cause significant financial loss.

As a provider of information technology services to customers operating in a number of regulated industries and countries, we store and process increasingly large amounts of sensitive data for our clients. At the same time, the continued occurrence of high-profile data breaches provides evidence of an external environment increasingly hostile to information security. We rely on internal and external information and technological systems to manage our operations and are exposed to risk of loss resulting from breaches in the security or other failures of these systems. We collect and store certain personal and financial information from customers and employees. Security breaches could expose us to a risk of loss of this information, regulatory scrutiny, actions and penalties, extensive contractual liability litigation, reputational harm and a loss of customer confidence that could potentially have an adverse impact on future business with current and potential customers.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of these products. In addition, sophisticated hardware and operating system software and applications produced or procured from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of the system. The costs to eliminate or alleviate cyber or other security problems, including bugs, viruses, worms, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede the combined company’s sales, manufacturing, distribution or other critical functions.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive customer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruption in our operations. We are required to expend capital and other resources to protect against attempted security breaches or cyber-attacks or to alleviate problems caused by successful breaches or attacks. Our security measures are designed to identify and protect against security breaches and cyber-attacks and no threat incident identified to date has resulted in a material adverse effect on us or our customers. However, our failure to detect, prevent or adequately respond to a future threat incident could subject us to liability, damage our reputation and have a material adverse effect on our business.

Increasing data privacy and information security obligations could also impose additional regulatory pressures on our customers’ businesses and indirectly, on our operations. In response, some of our customers have sought and may continue to seek, to contractually impose certain strict data privacy and information security obligations on us. Some of our customer contracts may not contractually limit our liability for the loss of confidential information. If we are unable to adequately address these concerns, our business and results of operations could suffer. Compliance with new privacy and security laws, requirements and regulations, where required or undertaken by us, may result in cost increases due to potential systems changes, the development of additional administrative processes and increased enforcement actions, fines and penalties. While we strive to comply with all applicable data protection laws and regulations as well as our own posted privacy policies, any failure or perceived failure to comply or any misappropriation, loss or other unauthorized disclosure of sensitive or confidential information may result in proceedings or actions against us by government or other entities or private lawsuits against us, including class actions, which could potentially have an adverse effect on our business, reputation and results of operations.

Portions of our infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenues, increase our expenses, damage our reputation and adversely affect our stock price.

Our ability to raise additional capital for future needs may impact our ability to compete in the markets we serve.

We currently maintain investment grade credit ratings with Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Rating 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 are beyond our control, including as a result of new standards requiring the agencies to reassess rating practices and methodologies. 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. Any downgrades could negatively impact the perception of the combined 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.

On March 6, 2017 Moody's and Fitch Ratings took ratings action in anticipation of the Merger. Moody's assigned DXC a Baa2 long-term rating with a "Stable" outlook, affirmed the Baa2 long-term rating with a "Stable" outlook for CSC and affirmed the P-2 short term rating of CSC's European Commercial Paper program. Fitch Ratings upgraded CSC and assigned both DXC and CSC a BBB+ long-term rating with a "Stable" outlook and affirmed the short-term rating for DXC and CSC at F-2. On March 13, 2017 Standard & Poor's assigned DXC a BBB long-term rating with a "Negative" outlook, removed CSC from credit watch, affirmed the BBB long-term rating with a "Negative" outlook for CSC and affirmed the short-term rating for CSC at A-2.

Our indebtedness may adversely affect our business, financial condition and results of operations, as well as our ability to meet our payment obligations under our debt.

In addition to our current total carrying debt, we will be incurring significant indebtedness as a result of the Merger. We may incur substantial additional indebtedness in the future for many reasons, including to fund acquisitions. This collective amount of debt could have important adverse consequences to us and our investors, including:

- making it more difficult for us to satisfy our debt obligations and other ongoing business obligations, which may result in defaults;
- experiencing events of default if we fail to comply with the financial and other covenants contained in the agreements governing our debt instruments, which could result in all of our debt becoming immediately due and payable or require us to negotiate an amendment to financial or other covenants that could cause us to incur additional fees and expenses;
- subjecting us to the risk of increased sensitivity to interest rate increases in our outstanding indebtedness that bears interest at variable rates and could cause our debt service obligations to increase significantly;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability for debt financing;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industries in which we operate, and the overall economy;
- placing us at a competitive disadvantage compared to any of our competitors that have less debt or are less leveraged; and
- increasing our vulnerability to the impact of adverse economic and industry conditions.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations or that current or future borrowings will be sufficient to meet our current debt obligations and other liquidity needs.

Our business may be adversely impacted as a result of changes in demand for our services, both globally and in individual market segments.

Current weakness in worldwide economic conditions and political uncertainty may adversely impact our customers' demand for our services in the markets in which we compete, including our customers' demand for consulting, industry software and solutions, application services and next-generation cloud offerings and other IT services.

Our primary markets are highly competitive. If we are unable to compete in these highly competitive markets, our results of operations may be materially and adversely affected.

Our competitors include large, technically competent and well capitalized companies, some of which have emerged as a result of industry consolidation, as well as “pure play” companies that have a single product focus. If we are unable to renew or extend our current technology contracts due to this competition, we may experience downward pressure on operating margins in our technology outsourcing contract. As a result, we may not be able to maintain our current operating margins, or achieve favorable operating margins, for technology outsourcing contracts extended or renewed in the future. Any reductions in margins will require that we effectively manage our cost structure. If we fail to effectively manage our cost structure during periods with declining margins, our results of operations may be adversely affected.

We encounter aggressive competition from numerous and varied competitors. Our competitiveness is based on factors including technology, innovation, performance, price, quality, reliability, brand, reputation, range of products and services, account relationships, customer training, service and support and security. If we are unable to compete based on such factors, our results of operations and business prospects could be harmed. CSC, together with DXC, has a large portfolio services and allocates financial, personnel and other resources across services while competing with companies that have smaller portfolios or specialize in one or more of our service lines. As a result, we may invest less in certain business areas than our competitors do, and competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our services. Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, competitors may affect our business by entering into exclusive arrangements with existing or potential customers.

Companies with whom we have alliances in certain areas may be or become competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to lower prices to stay competitive, while simultaneously seeking to maintain or improve revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions, may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

If we are unable to accurately estimate the cost of services and the timeline for completion of contracts, the profitability of our contracts may be materially and adversely affected.

Our commercial contracts are typically awarded on a competitive basis. Our bids are based upon, among other things, the expected cost to provide the services. To generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide the services required by the contract and to complete the contracts in a timely manner. In addition, revenues from some of our contracts are recognized using the percentage-of-completion method, which requires estimates of total costs at completion, fees earned on the contract, or both. This estimation process, particularly due to the technical nature of the services being performed and the long-term nature of certain contracts, is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected.

Our performance on contracts, including those on which we have partnered with third parties, may be adversely affected if we or the third parties fail to deliver on commitments.

Our contracts are increasingly complex and, in some instances, require that we partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Our ability to deliver the solutions and provide the services required by our customers is dependent on our and our partners' ability to meet our customers' delivery schedules. If we or our partners fail to deliver services or products on time, our ability to complete the contract may be adversely affected, which may have a material and adverse impact on our revenues and profitability.

Our primary markets are highly competitive. Achieving our stated objectives depends on our ability to attract and retain highly skilled IT professionals and executives.

Our ability to grow and provide our customers with competitive services is partially dependent on our ability to attract and retain people with the skills, knowledge and management experience to serve our customers. As we noted above, the markets we serve are highly competitive. Competition for skilled employees in the technology outsourcing and consulting and systems integration markets is intense around the world. Our ability to expand geographically and continue to operate our existing global businesses successfully depends, in large part, on our ability to attract and retain highly skilled IT professionals and executives. The loss of personnel could impair our ability to perform under certain of our contracts, which could have a material adverse effect on our reputation, goodwill, financial position, results of operations and cash flows.

We also must manage leadership development and succession planning throughout our business. The loss of key personnel, coupled with an inability to adequately develop and train personnel and assimilate key new hires or promoted employees could adversely affect our business and results of operations.

In addition, as a result of the Merger, 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 expected due to difficulties encountered in the integration process it may adversely impact our ability to realize the anticipated benefits of the Merger. While we have put in place certain incentives designed to retain key personnel in connection with the Merger, these incentives may not be sufficient to achieve their desired purpose and only extend to a limited population that may not include personnel whose services are important to achieving key organizational objectives.

More generally, 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 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 a sufficient number of employees with the skills or background needed to meet current demand, we might 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 to serve client demand with certain skill sets for certain offerings 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.

Our international operations are exposed to risks, including fluctuations in exchange rates, which may be beyond our control.

Our exposure to currencies other than the U.S. dollar may impact our results, as they are expressed in U.S. dollars. Currency variations also contribute to variations in sales of products and services in affected jurisdictions. For example, if one or more European countries were to replace the euro with another currency, sales in that country or in Europe generally may be adversely affected until stable exchange rates are established. While historically we have partially mitigated currency risk, including exposure to fluctuations in currency exchange rates, by matching costs with revenues in each currency, our exposure to fluctuations in other currencies against the U.S. dollar increases as revenue in currencies other than the U.S. dollar increase and as more of the services we provide are shifted to lower cost regions of the world. We believe that the percentage of our revenues denominated in currencies other than the U.S. dollar will continue to represent a significant portion of our revenues. Also, we believe that our ability to match revenues and expenses in each currency will decrease as more work is performed at offshore locations.

We may use forward contracts and options designated as cash flow hedges to protect against currency exchange rate risks. The effectiveness of these hedges will depend on our ability to accurately forecast future cash flows, which may be particularly difficult during periods of uncertain demand and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset the adverse financial impact resulting from currency variations. Losses associated with hedging activities also may impact our revenues and to a lesser extent our cost of sales and financial condition.

In June 2016, the U.K. held a referendum in which British citizens voted to exit from the European Union, commonly referred to as “Brexit.” In March 2017, the UK government initiated a process to withdraw from the EU and began negotiating the terms of its separation. We face risks associated with Brexit. For example, Brexit could potentially result in restrictions on the movement of capital and the mobility of personnel between the remaining 27 EU states and the UK, in addition to volatility in currency exchange rates. Brexit also creates uncertainty in areas currently regulated by EU law, such as cross border data transfers. Brexit is also expected to lead to short and medium term uncertainty in future trade arrangements between U.K.-based operations and the various EU end markets that they serve.

Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;
- local labor conditions and regulations;
- managing our geographically dispersed workforce;
- changes in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner and
- changes in tax laws.

Our business operations are subject to various and changing federal, state, local and foreign laws and regulations that could result in costs or sanctions that adversely affect our business and results of operations.

We operate in more than 50 countries in an increasingly complex regulatory environment. Among other things, we provide complex industry specific insurance processing in the U.K, which is regulated by authorities in the U.K. and elsewhere, such as the U.K.'s Financial Conduct Authority and Her Majesty's Treasury and the U.S. Department of Treasury, which increases our exposure to compliance risk. For example, in February 2017 we submitted an initial notification of voluntary disclosure regarding certain possible violations of U.S. sanctions laws to the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC") pertaining to insurance premium data and claims data processed by two partially-owned joint ventures of Xchanging, which we 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 U.K. Our related internal investigation is continuing, and we have undertaken to provide a full report of its findings to OFAC when completed. Our retail investment account management business in Germany is another example of a regulated business, which must maintain a banking license, is regulated by the German Federal Financial Supervisory Authority and the European Central Bank and must comply with German banking laws and regulations.

In addition, businesses in the countries in which we operate are subject to local, legal and political environments and regulations including with respect to employment, tax, statutory supervision and reporting and trade restriction. These regulations and environments are also subject to change.

Adjusting business operations to changing environments and regulations may be costly and could potentially render the particular business operations uneconomical, which may adversely affect our profitability or lead to a change in the business operations. Notwithstanding our best efforts, we may not be in compliance with all regulations in the countries in which we operate at all times and may be subject to sanctions, penalties or fines as a result. These sanctions, penalties or fines may materially and adversely impact the profitability of the combined company.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

Our Board of Directors has approved several restructuring plans to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies to reduce our costs. We may not be able to obtain the costs savings and benefits that were initially anticipated in connection with our restructuring plans. Additionally, as a result of our restructuring, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, see Note 19 - "Restructuring Costs" to the consolidated financial statements.

In the course of providing services to customers, we may inadvertently infringe on the intellectual property rights of others and be exposed to claims for damages.

The solutions we provide to our customers may inadvertently infringe on the intellectual property rights of third parties resulting in claims for damages against us or our customers. Our contracts generally indemnify our clients from claims for intellectual property infringement for the services and equipment we provide under the applicable contracts. The expense and time of defending against these claims may have a material and adverse impact on our profitability. Additionally, the publicity we may receive as a result of infringing intellectual property rights may damage our reputation and adversely impact our ability to develop new business.

We may be exposed to negative publicity and other potential risks if we are unable to achieve and maintain effective internal controls over financial reporting.

We are required under the Sarbanes-Oxley Act of 2002 to include a report from management on our internal controls that contains an assessment by management of the effectiveness of our internal control over financial reporting. In addition, the independent registered public accounting firm auditing our financial statements must report on the effectiveness of our internal control over financial reporting. In our Form 10-K for the fiscal year ended April 1, 2016, we reported a material weakness over the accounting, presentation, and disclosure for income taxes, including the income tax provision and related tax assets and liabilities.

Any failure to maintain effective controls or difficulties encountered in the effective improvement of our internal controls, including the remediation of the material weakness in accounting for income tax, could prevent us from timely and reliably reporting financial results and may harm our operating results. In addition, if we are unable to conclude that we have effective internal control over financial reporting or, if our independent registered public accounting firm is unable to provide an unqualified report as to the effectiveness of our internal control over financial reporting, as of each fiscal year end, we may be exposed to negative publicity, which could cause investors to lose confidence in our reported financial information. Any failure to maintain effective internal controls and any such resulting negative publicity may materially affect our business and stock price.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. However, a control system, no matter how well conceived and operated can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There can be no assurance that all control issues or fraud will be detected. In connection with the Merger and as the combined company continues to grow its businesses, its internal controls will become more complex and will require more resources for internal controls. Additionally, the existence of any material weaknesses or significant deficiencies would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in the combined company’s internal control over financial reporting could also result in errors in its financial statements that could require the combined company to restate its financial statements, cause it to fail to meet its reporting obligations and cause stockholders to lose confidence in its reported financial information, all of which could materially and adversely affect the combined company and the market price of its common stock.

We could suffer additional losses due to asset impairment charges.

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 the carrying value of goodwill may not be recoverable. If the fair value of a reporting unit is revised downward due to declines in business performance or other factors, 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 recoverability of finite-lived intangible assets could result in an impairment and a non-cash charge could be required. We acquired a substantial quantity of goodwill and other intangibles as a result of the Merger, increasing our exposure to this risk.

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.

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" to the consolidated financial statements, we are currently party to a number of disputes that involve or may involve litigation. We are not able to predict the ultimate outcome of these disputes or the actual impact of these matters on our profitability. If we agree to settle these matters or judgments are secured against us, we may incur liabilities that may have a material and adverse impact on our liquidity and earnings.

Changes in our tax rates could affect our future results.

Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or by changes in tax laws or their interpretation. We are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance that the outcomes from these examinations will not have a material adverse effect on our financial condition and operating results.

We may be adversely impacted by disruptions in the credit markets, including disruptions that reduce our customers' access to credit and increase the costs to our customers of obtaining credit.

The credit markets have historically been volatile and therefore it is not possible for us to predict the ability of our clients and customers to access short-term financing and other forms of capital. If a disruption in the credit markets were to occur, it could also pose a risk to our business if customers and suppliers are unable to obtain financing to meet payment or delivery obligations to us. In addition, customers may decide to downsize, defer or cancel contracts which could negatively affect our revenues.

Our hedging program is subject to counterparty default risk.

We enter into foreign currency forward contracts and options and interest rate swaps with a number of counterparties. As a result, we are subject to the risk that the counterparty to one or more of these contracts defaults on its performance under the contract. During an economic downturn, the counterparties financial condition may deteriorate rapidly and with little notice and we may be unable to take action to protect our exposure. In the event of a counterparty default, we could incur significant losses, which may harm our business and financial condition. In the event that one or more of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of a counterparty's default may be limited by the liquidity of the counterparty.

We derive significant revenues and profit from contracts awarded through competitive bidding processes, which can impose substantial costs on us and we may not achieve revenue and profit objectives if we fail to bid on these projects effectively.

We derive significant revenues and profit from government contracts that are awarded through competitive bidding processes. We expect that most of the non-U.S. government business we seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding is expensive and presents a number of risks, including:

- the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us;
- the need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design;

- the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding;
- the requirement to resubmit bids protested by our competitors and in the termination, reduction, or modification of the awarded contracts; and
- the opportunity cost of not bidding on and winning other contracts we might otherwise pursue.

If our customers experience financial difficulties or request out-of-scope work, we may not be able to collect our receivables, which would materially and adversely affect our profitability.

Over the course of a long-term contract, a customer's financial condition may decline and reduce its ability to pay its obligations. This would cause our cash collections to decrease and bad debt expense to increase. While we may resort to alternative methods to pursue claims or collect receivables, these methods are expensive and time consuming and successful collection is not guaranteed. Failure to collect our receivables or prevail on claims would have an adverse effect on our profitability and cash flows.

Risks Related to the Merger

The combined company may not realize the anticipated benefits from the Merger.

There can be no assurance that we will be able to realize the intended benefits of the Merger or that the combined company resulting from the Merger will perform as anticipated. Specifically, the Merger could cause disruptions in the combined company's business, including by disrupting operations or causing customers to delay or to defer decisions to purchase products or renew contracts or to end their relationships. Similarly, it is possible that current or prospective employees could experience uncertainty about their future roles with the combined company, which could harm our ability to attract and retain key personnel.

As previously disclosed, we expect that the Merger will produce first-year synergies for the combined company of approximately $1.0 billion, with a run rate of $1.5 billion by the end of year one. The anticipated $1.0 billion of post-closing synergies and $1.5 billion run rate at the end of year one were each calculated by estimating the expected value of harmonizing policies and benefits between CSC and HPES and supply chain and procurement benefits from expected economies of scale such as volume discounts, as well as cost synergies expected from workforce optimization such as elimination of duplicative roles and other duplicative general, administrative and overhead costs. The combined company’s success in realizing cost and revenues synergies, growth opportunities, and other financial and operating benefits as a result of the Merger, and the timing of their realization, depends on the successful integration of the combined company's business operations. Even if we successfully integrate, we cannot predict with certainty if or when these cost and revenue synergies, growth opportunities and benefits will occur, or the extent to which they actually will be achieved. For example, the benefits from the Merger may be offset by costs incurred in integrating CSC and HPES or in required capital expenditures related to the acquisition of HPES. In addition, the quantification of synergies expected to result from the Merger is based on significant estimates and assumptions that are subjective in nature and inherently uncertain. Realization of any benefits and synergies could be affected by a number of factors beyond our control, including, without limitation, general economic conditions, increased operating costs, regulatory developments and other risks. The amount of synergies actually realized, if any, and the time periods in which any such synergies are realized, could differ materially from the expected synergies, regardless of whether the two business operations are combined successfully. If the integration is unsuccessful or if the combined company is unable to realize the anticipated synergies and other benefits of the Merger, there could be a material adverse effect on the combined company’s business, financial condition and results of operations.

The integration following the Merger may present significant challenges.

There is a significant degree of difficulty inherent in the process of integrating HPES and CSC. These difficulties include:

- integration activities while carrying on ongoing operations;
- the challenge of integrating the business cultures of HPES and CSC, which may prove to be incompatible;
- the challenge and cost of integrating certain information technology systems and other systems; and
- the potential difficulty in retaining key officers and other personnel.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses. Members of senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our business, service existing businesses and develop new services or strategies. In addition, certain existing contractual restrictions limit the ability to engage in certain integration activities for varying periods after the Merger. There is no assurance we will be able to manage this integration to the extent or in the time horizon anticipated, particularly given the larger scale of the HPES business in comparison to CSC's business. If senior management is not able to timely and effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer. The delay or inability to achieve anticipated integration goals could have a material adverse effect on our business, financial condition and results of operations after the Merger.

If the Merger does not qualify as a reorganization under Section 368(a) of the Code, CSC's former stockholders may incur significant tax liabilities.

The completion of the Merger was conditioned upon the receipt by HPE and CSC of opinions of counsel to the effect that, for U.S. federal income tax purposes, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code (the "Merger Tax Opinions"). The parties did not seek a ruling from the IRS regarding such qualification. The Merger Tax Opinions were based on current law and relied upon various factual representations and assumptions, as well as certain undertakings made by HPE, HPES and CSC. If any of those representations or assumptions is untrue or incomplete in any material respect or any of those undertakings is not complied with, or if the facts upon which the Merger Tax Opinions are based are materially different from the actual facts that existed at the time of the Merger, the conclusions reached in the Merger Tax Opinions could be adversely affected and the Merger may not qualify for tax-free treatment. Opinions of counsel are not binding on the IRS or the courts. No assurance can be given that the IRS will not challenge the conclusions set forth in the Merger Tax Opinions or that a court would not sustain such a challenge. If the Merger were determined to be taxable, previous holders of CSC common stock would be considered to have made a taxable disposition of their shares to HPES, and such stockholders would generally recognize taxable gain or loss on their receipt of HPES common stock in the Merger.

Risk Relating to the Separation (defined below)

The Separation could result in substantial tax liability to us and former CSC stockholders that received CSRA Inc. stock in the Separation.

In connection with the spin-off by CSC of its U.S. public sector business, National Public Sector ("NPS") on November 27, 2015 (the "Separation"), CSC received an opinion of counsel substantially to the effect that, for U.S. federal income tax purposes, the Separation qualified as a tax-free transaction under Section 355 and related provisions of the Internal Revenue Code. If, notwithstanding the conclusions expressed in that opinion, the Separation were determined to be taxable, we and former CSC stockholders that received CSRA stock in the Separation could incur significant tax liabilities.

Under Section 355(e) of the Internal Revenue Code, the Separation would generally be taxable to us (but not to former CSC stockholders) if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of CSC, directly or indirectly (including through acquisition of the combined company's stock after the completion of the Merger), as part of a plan or series of related transactions that includes the Separation. In general, an acquisition will be presumed to be part of a plan with the Separation if the acquisition occurs within two years before or after the Separation. This presumption may, however, be rebutted based upon an analysis of the facts and circumstances related to the Separation and the particular acquisition in question.

In connection with completion of the Merger, we received an opinion of counsel to the effect that the Merger should not cause Section 355(e) of the Code to apply to the Separation or otherwise affect the qualification of the Separation as a tax-free distribution under Section 355 of the Code (the "Separation Tax Opinion"). The Separation Tax Opinion was based on current law and relied upon various factual representations and assumptions, as well as certain undertakings made by us. If any of those representations or assumptions is untrue or incomplete in any material respect or any of those undertakings is not complied with, or if the facts upon which the Separation Tax Opinion is based are materially different from the actual facts that existed at the time of the Merger, the conclusions reached in the Separation Tax Opinion could be adversely affected and the Separation may not qualify for tax-free treatment. No assurance can be given that the IRS will not challenge the conclusions set forth in the Separation Tax Opinion or that a court would not sustain such a challenge. Further, in light of the requirements of Section 355(e) of the Code, we might determine to forgo certain transactions, including share repurchases, stock issuances, certain asset dispositions, mergers, consolidations and other strategic transactions, for some period of time following the Merger.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of March 31, 2017, we owned or leased numerous general office facilities, global security operations centers, strategic delivery centers and data centers around the world totalizing approximately 8.4 million square feet. Locations which house three or more of these types of usage are referred hereto as co-locations. We believe all of the properties we own or lease are well-maintained, suitable and adequate to meet our current and anticipated requirements. Upon expiration of our leases, we plan to exit low utilization and sub-scale locations to optimize our data center footprint and increase site density. As part of the expected synergies from the Merger, we plan to increase co-location and decrease our occupancy footprint by approximately 30%. Lease expiration dates range from fiscal 2018 through fiscal 2028. Our corporate headquarters is a leased facility located at 1775 Tysons Blvd, Tysons, VA 22102 and is included in the Washington, D.C. area of the square footage in the table below. The space being utilized by our GIS and GBS segments and Corporate is approximately 48%, 26% and 2%, respectively. In addition, approximately 24% is being utilized by both the GBS and GIS segments.

We have facilities in excess of our needs and have entered into various sublease agreements for our unused general office space. As a result, included in our accrued expenses, other current liabilities and other long-term liabilities are costs net of sublease income to be incurred through 2024 related to such facilities. For additional information regarding our excess space obligations, See Note 19 - "Restructuring Costs" to the consolidated financial statements.

The following tables provide a summary of properties we own and lease as of March 31, 2017:

Properties Owned	Approximate Square Footage	General Usage
Blythewood, South Carolina	456,000	Delivery Center and Office
Copenhagen, Denmark	368,000	Office
Aldershot, United Kingdom	211,000	Office
Newark, Delaware	179,000	Co-location
Norwich, Connecticut	144,000	Data Center
Meriden, Connecticut	118,000	Data Center
Shimoga, India	80,000	Delivery Center and Office
Maidstone, United Kingdom	79,000	Data Center
Petaling Jaya, Malaysia	63,000	Co-location
Jacksonville, Illinois	60,000	Office
Chesterfield, United Kingdom	51,000	Delivery Center and Office
Tunbridge Wells, United Kingdom	43,000	Data Center
Sterling, Virginia	41,000	Delivery Center and Office
Various other U.S. and foreign locations	40,000	Data Center and Office

Properties Leased	Approximate Square Footage	General Usage
India	3,061,000	Co-location
Australia & other Pacific Rim locations	649,000	Co-location
France	263,000	Data Center and Office
Texas	180,000	Co-location
Germany	176,000	Data Center and Office
Illinois	172,000	Data Center and Office
United Kingdom	130,000	Data Center and Office
Washington, D.C. area	130,000	Data Center and Office
Spain	127,000	Delivery Center and Office
Connecticut	125,000	Co-location
Sweden	119,000	Data Center and Office
China	118,000	Co-location
Colombia	106,000	Delivery Center and Office
Denmark	101,000	Delivery Center and Office
Bulgaria	101,000	Delivery Center and Office
Various other U.S. and foreign locations	923,000	Co-location

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Prior to consummation of the Merger, CSC common stock was listed and traded on the New York Stock Exchange under the ticker symbol “CSC.” CSC common stock was suspended from trading on the New York Stock Exchange effective as of the opening of trading on April 3, 2017. The New York Stock Exchange filed a Notification of Removal from Listing and/or Registration on Form 25 to delist CSC common stock and terminate the registration of such shares. CSC filed a Form 15 with the SEC on April 18, 2017 to terminate the registration of the shares of CSC common stock.

The following table shows the high and low sales prices of CSC common stock as reported on the New York Stock Exchange for the quarters indicated.

	Fiscal 2017		Fiscal 2016[1]	
Fiscal Quarter	High	Low	High	Low
1st	$ 52.55	$ 32.51	$ 71.00	$ 63.85
2nd	53.46	45.37	68.57	58.77
3rd	63.34	50.41	71.15	29.51
4th	74.92	57.06	34.49	24.27

[1] *Historical market prices do not reflect any adjustment for the impact of the Separation, which occurred during the third quarter of fiscal 2016.*

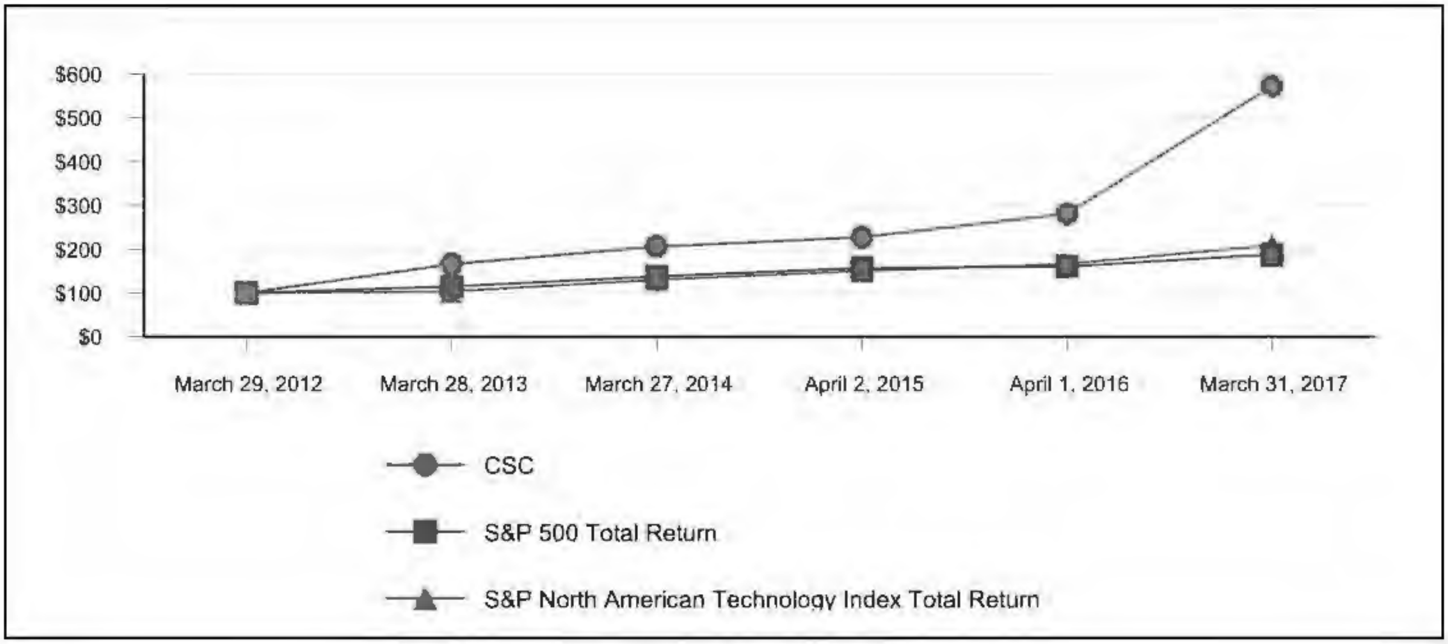
CSC's common stock is currently owned by DXC and is not listed for trading on any stock exchange. As a result, there is no established public trading market for CSC's common stock.

Cash dividends declared on CSC's common stock for each quarter of fiscal 2017 and 2016 are included in Selected Quarterly Financial Data (Unaudited) in Part II, Item 8 of this Annual Report.

The graph below compares the total cumulative five-year return on our common stock through our fiscal year ended March 31, 2017 to: (i) Standard & Poor's 500 index and (ii) Standard & Poor's North American Technology Index[1]. The graph assumes an initial investment of $100 on March 29, 2012 and that dividends have been reinvested.

On November 27, 2015, we completed the Separation and our stockholders received one share of CSRA common stock for every one share of our common stock held at the close of business on November 18, 2015 (the "Record Date"), as specified under the terms of the Separation agreement. In connection with the Separation, a dividend payment of $10.50 per share was made on the Record Date to our stockholders who received CSRA common stock in the distribution. The effect of the Separation is reflected in the cumulative total return as a reinvested dividend. The comparisons in the graph are required by the SEC and are based upon historical data.

CSC Total Shareholder Return
(Period Ended March 31, 2017)



The following table provides indexed returns assuming $100 was invested on March 29, 2012, with annual returns using our fiscal year-end dates.

Indexed Return Table (2012 = 100)

	Return 2013	Return 2014	Return 2015	Return 2016	Return 2017	Compound Annual Growth Rate
CSC common stock	65.81%	105.70%	127.03%	181.01%	472.74%	41.80%
S&P 500 Index	14.38%	37.64%	57.09%	60.95%	87.40%	13.40%
S&P North American Technology Index[1]	3.80%	30.21%	50.61%	66.05%	108.79%	15.90%

[1] In prior years, we used the North American Technology Services Index, which was discontinued on March 7, 2016. Accordingly, we now use the S&P North American Technology Index as a replacement for the discontinued index.

CSC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2).

There were no issuer purchases of equity securities during the period covered by this report.

ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

			As of		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015	March 28, 2014	March 29, 2013
Total assets	$ 8,663	$ 7,736	$ 10,221	$ 11,361	$ 11,210
Debt					
Long-term, net of current maturities	$ 2,225	$ 1,934	$ 1,635	$ 2,207	$ 2,498
Short-term	646	559	—	444	—
Current maturities	92	151	883	237	234
Total Debt	$ 2,963	$ 2,644	$ 2,518	$ 2,888	$ 2,732
Stockholders' equity	$ 2,166	$ 2,032	$ 2,965	$ 3,950	$ 3,166
Net debt-to-total capitalization	33.1%	31.4%	8.1%	6.5%	11.5%

			Fiscal Years Ended		
(in millions, except per-share amounts)	2017	2016	2015	2014	2013
Revenues	$ 7,607	$ 7,106	$ 8,117	$ 8,899	$ 9,533
Costs of services (excludes depreciation and amortization and restructuring costs)	5,545	5,185	6,159	6,032	7,455
Selling, general and administrative - SEC settlement related charges[1]	—	—	197	—	—
Restructuring costs	238	23	256	74	251
Debt extinguishment costs[2]	—	95	—	—	—
(Loss) income from continuing operations, before taxes	(174)	10	(671)	694	(249)
Income tax (benefit) expense	(74)	(62)	(464)	174	(248)
(Loss) income from continuing operations, net of taxes	(100)	72	(207)	520	(1)
Income from discontinued operations, net of taxes	—	191	224	448	780
Net (loss) income attributable to CSC common stockholders	(123)	251	2	947	760
(Loss) earnings per common share:					
Basic:					
Continuing operations	$ (0.88)	$ 0.51	$ (1.45)	$ 3.52	$ (0.01)
Discontinued operations	—	1.31	1.46	2.89	4.92
	$ (0.88)	$ 1.82	$ 0.01	$ 6.41	$ 4.91
Diluted:					
Continuing operations	$ (0.88)	$ 0.50	$ (1.45)	$ 3.45	$ —
Discontinued operations	—	1.28	1.46	2.83	4.89
	$ (0.88)	$ 1.78	$ 0.01	$ 6.28	$ 4.89
Cash dividend per common share	$ 0.56	$ 2.99	$ 0.92	$ 0.80	$ 0.80

[1] *Fiscal 2015 charge related to the settlement of the SEC investigation (see Note 22 - "Settlement of SEC Investigation" to the consolidated financial statements).*

[2] *Fiscal 2016 debt extinguishment costs related to CSC's redemption of all outstanding 6.50% term notes due March 2018 (see Note 12 - "Debt" to the consolidated financial statements).*

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion and analysis provides information management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition for fiscal 2017. This discussion should be read in conjunction with our consolidated financial statements and associated notes included in Part II, Item 8 of this Annual Report.

The three primary objectives of this discussion are to:

1. provide a narrative on the consolidated financial statements, as presented through the eyes of management;
2. enhance the disclosures in the consolidated financial statements and related notes by providing context to analyze the consolidated financial statements; and
3. provide information to assist the reader in ascertaining the predictive value of the reported financial results.

To achieve these objectives, management's discussion and analysis is presented with the following sections:

Overview - includes a description of our business and how it earns revenues and generates cash, as well as a discussion of economic and industry factors, key business drivers and key performance indicators.

Results of Operations - discusses year-over-year changes to operating results for fiscal 2015 through fiscal 2017, describing the factors affecting revenues on a consolidated and reportable segment basis, including new contracts, acquisitions and divestitures and currency impacts; describes the factors affecting changes in our major cost and expense categories and discusses our non-GAAP financial measures.

Liquidity and Capital Resources - discusses causes of changes in cash flows and describes our liquidity and available capital resources.

Off-Balance Sheet Arrangements - details our off-balance sheet arrangements.

Contractual Obligations - details our outstanding contractual obligations.

Critical Accounting Estimates - discusses our accounting estimates based on management judgments and assumptions which could have a material impact on our financial statements.

Economic and Industry Factors

Management monitors industry factors including relative market shares, growth rates, billing rates, staff utilization rates and margins as well as macroeconomic indicators such as interest rates, inflation rates and foreign currency rates. We are seeing the IT services industry being transformed by a shift in customer demand towards digital services and solutions. The ability to identify and capitalize on these market and technological changes to deliver industry-leading service offerings is a key driver of our performance.

Over the past five years we have made key acquisitions in hybrid cloud solutions, digital enterprise applications and insurance and healthcare as well as divested non-core businesses to optimize our service portfolio. We have responded to the industry trends we identified by streamlining our service offerings and implementing a strategy of selling defined solutions that require less customization. Such solutions include our portfolio of cloud-based IaaS offerings, managed applications services and a range of discrete offerings for computing, storage, mobility and networking services.

Business Drivers

Revenues in both segments are generated by providing services on a variety of contract types lasting from less than six months to ten years or more. Factors affecting revenues include our ability to successfully:

- bid on and win new contract awards;
- satisfy existing customers and obtain add-on business and win contract recompetes;
- compete with respect to services offered, delivery models offered, technical ability and innovation, quality, flexibility, global reach, experience and results created; and
- identify and integrate acquisitions and leverage them to generate new revenues.

Earnings are impacted by the above revenue factors and our ability to:

- integrate acquisitions and eliminate redundant costs;
- develop offshore capabilities and migrate compatible service offerings offshore;
- control costs, particularly labor costs, subcontractor expenses and overhead costs including healthcare, pension and general and administrative costs;
- anticipate talent needs to avoid staff shortages or excesses;
- accurately estimate various factors incorporated in contract bids and proposals; and
- effectively manage foreign currency fluctuations related to international operations through the use of short-term foreign currency forward and option contracts.

Cash flows are affected by the above drivers and the following factors:

- the ability to efficiently manage capital resources and expenditures;
- timely management of receivables and payables;
- investment opportunities available, particularly related to business acquisitions and implementations, dispositions and large outsourcing contracts; and
- tax obligations.

Key Performance Indicators

We manage and assess the performance of our business through various financial measures, primarily new contract wins, revenues and consolidated segment operating margins.

New contract wins: In addition to being a primary driver of future revenues, new contract wins also provide management an assessment of our ability to compete. The total level of wins tends to fluctuate from year to year depending on the timing of new or recompeted contracts, as well as numerous external factors.

Revenues: Amounts recognized as earned from contracts won in prior periods and additional work secured in the current year. Year-over-year revenues tend to vary less than new contract wins and reflect performance on both new and existing contracts. Foreign currency fluctuations also impact revenues.

Consolidated segment operating margins: Reflect performance on our contracts and ability to control its costs. While the ratios of various cost elements as a percentage of revenues can shift as a result of changes in the mix of businesses with different cost profiles, a focus on maintaining and improving overall margins leads to improved efficiencies and profitability. Although the majority of our costs are denominated in the same currency as revenues, increased use of offshore support also exposes us to additional margin fluctuations.

Results of Operations

We report our results based on a fiscal year convention that comprises four thirteen-week quarters. Every fifth year includes an additional week in the first three months of the fiscal year to prevent the fiscal year from moving from an approximate end of March date. Fiscal 2015 was the last year which included the additional week.

During fiscal 2016, we completed the Separation of NPS and merger of NPS with SRA International, Inc. to form a new publicly traded company, CSRA Inc. As a result of the Separation, the consolidated statements of operations and related financial information reflect NPS's operations as discontinued operations for fiscal 2016 and 2015.

The following table provides an analysis for select line items of the consolidated statements of operations:

	Fiscal Years Ended		
(In millions, except per-share amounts)	March 31, 2017	April 1, 2016	April 3, 2015
Revenues	$ 7,607	$ 7,106	$ 8,117
(Loss) income from continuing operations, before taxes	(174)	10	(671)
Income tax benefit	(74)	(62)	(464)
(Loss) income from continuing operations	(100)	72	(207)
Income from discontinued operations, net of taxes	—	191	224
Net (loss) income	$ (100)	$ 263	$ 17
Diluted (loss) earnings per share:			
Continuing operations	$ (0.88)	$ 0.50	$ (1.45)
Discontinued operations	—	1.28	1.46
	$ (0.88)	$ 1.78	$ 0.01

Revenues

Revenues by segment are shown in the tables below:

	Fiscal Years Ended				
	March 31, 2017		April 1, 2016		April 3, 2015
(in millions)	Amount	Percent Change	Amount	Percent Change	Amount
GBS	$ 4,173	14.7 %	$ 3,637	(9.9)%	$ 4,036
GIS	3,434	(1.0)%	3,469	(15.0)%	4,081
Total Revenues	$ 7,607	7.1 %	$ 7,106	(12.5)%	$ 8,117

Our fiscal 2017 revenues increased $501 million as compared to fiscal 2016. The increase was due to growth in our GBS segment and revenues from our recent acquisitions. The increase in fiscal 2017 revenues was partially offset by a decrease in revenues of $317 million caused by contracts that concluded or were renewed at lower rates and a $221 million adverse impact of foreign currency movement due to the strengthening of the U.S. dollar against the British pound.

Our fiscal 2016 revenues decreased $1.0 billion as compared to fiscal 2015. This decrease was primarily due to a reduction in revenues caused by contract terminations, conclusions and contractual price reductions of $644 million and the adverse impact of foreign currency movement of $467 million, partially offset by a $100 million increase due to acquisitions.

As a global company, historically, more than half of our revenues have been earned in currencies other than the U.S. dollar. As a result, the changes in revenues denominated in currencies other than the U.S. dollar from period to period are impacted and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. As such, the following discussion contains financial results on a constant currency basis eliminating the impact of fluctuations in foreign currency rates, thereby providing meaningful period over period comparisons of operating performance. Financial results on a constant currency basis are non-GAAP measures 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 tables below indicate the percentage change in revenues due to changes in exchange rates:

Fiscal Years Ended March 31, 2017 vs. April 1, 2016	Increase at Constant Currency	Approximate Impact of Currency Fluctuations	Total
GBS	18.0%	(3.3)%	14.7 %
GIS	2.0%	(3.0)%	(1.0)%
Cumulative Net Percentage	10.2%	(3.1)%	7.1 %

Fiscal Years Ended April 1, 2016 vs. April 3, 2015	Decrease at Constant Currency	Approximate Impact of Currency Fluctuations	Total
GBS	(3.8)%	(6.1)%	(9.9)%
GIS	(9.6)%	(5.4)%	(15.0)%
Cumulative Net Percentage	(6.7)%	(5.8)%	(12.5)%

Fiscal 2017 compared with fiscal 2016

The discussion below explains the reasons for revenue changes other than as a result of foreign currency fluctuations.

Global Business Services

The $654 million, or 18.0%, constant currency increase for fiscal 2017 as compared to fiscal 2016 was driven by growth in next generation business processing services offerings, as well as contributions from our recent acquisitions, primarily within our Digital Applications business and our IS&S business where we continue to prioritize the development of our digital capabilities. Digital Applications, our consulting and applications business, increased over 38% in constant currency and IS&S increased over 26% in constant currency when compared to prior fiscal year. The increase was largely due to revenues from our recent acquisitions which we continue to integrate into our existing business and new business revenues increased $249 million. These increases were partially offset by a $274 million decrease in revenues from contracts that concluded and a $131 million decline from contracts renewed at lower rates.

Global Infrastructure Services

GIS segment constant currency revenues for fiscal 2017 increased $68 million, or 2.0%, as compared to fiscal 2016. The increase was primarily due to an increase of $243 million in revenues from new business and an increase in revenues contributed from our recent acquisitions. In addition, we recognized incremental revenues of $43 million under our segment's portion of the IP matters agreement (see note 3 - "Divestitures" to the consolidated financial statements). These increases were partially offset by decreases in revenues of $335 million from contracts that concluded, $89 million from contracts renewed with scope changes and $23 million due to price-downs. We continue to take actions to mitigate the secular headwinds facing our traditional IT outsourcing business and focus GIS on the next generation digital needs of our clients.

Fiscal 2016 compared with fiscal 2015

Global Business Services

GBS segment revenues decreased $399 million, or 9.9%, as compared to fiscal 2015. In constant currency, revenues decreased $154 million, or 3.8%, which was an improvement as compared to the fiscal 2015 revenues decrease in constant currency of 4.7%. The unfavorable foreign currency impact of $245 million, or 61.4% of the year-over-year decrease, was due to the strengthening of the U.S. dollar against most currencies. The revenue decrease in constant currency included revenues from the extra week in the first quarter of fiscal 2015, which did not recur in fiscal 2016.

Included in fiscal 2016 revenues is acquisition revenues of $65 million from the acquisition of Fruition Partners, Axon, and UXC, which were completed late in the second, third, and fourth quarters of fiscal 2016, respectively.

Global Infrastructure Services

GIS segment revenues decreased $612 million, or 15.0%, as compared to fiscal 2015. In constant currency, revenues decreased $390 million, or 9.6%, due to reduced revenues from contracts that terminated or concluded as well as an unfavorable impact from price-downs and contract restructurings. It also included revenues from the extra week in the first quarter of fiscal 2015, which did not recur in fiscal 2016. These revenue decreases were partially offset by an increase in revenues from new contracts and acquisitions. The increase in revenues due to acquisitions totaled $35 million from Fixnetix and UXC completed late in the second and fourth quarters, respectively. The unfavorable foreign currency impact of $222 million, or 36.3% of the year-over-year decrease, was due to the strengthening of the U.S. dollar against most currencies.

Costs and Expenses

Our total costs and expenses were as follows:

	Fiscal Years Ended			Percentage of Revenues		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015	2017	2016	2015
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 5,545	$ 5,185	$ 6,159	72.9%	73.0%	76.0%
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,279	1,040	1,220	16.8	14.6	15.0
Selling, general and administrative - SEC settlement related charges	—	—	197	—	—	2.4
Depreciation and amortization	647	658	840	8.5	9.3	10.3
Restructuring costs	238	23	256	3.1	0.3	3.2
Separation costs	—	19	—	—	0.3	—
Interest expense, net	82	85	106	1.1	1.2	1.3
Debt extinguishment costs	—	95	—	—	1.3	—
Other (income) expense, net	(10)	(9)	10	(0.1)	(0.1)	0.1
Total costs and expenses	$ 7,781	$ 7,096	$ 8,788	102.3%	99.9%	108.3%

Costs of Services

Fiscal 2017 compared with fiscal 2016

COS as a percentage of revenues ("COS ratio") remained consistent year over year. The $360 million increase in costs of services, excluding depreciation and amortization and restructuring charges ("COS") was largely related to our acquisitions and a $31 million gain on the sale of certain intangible assets in our GIS segment during fiscal 2016 not present in the current fiscal year. This increase was offset by management's ongoing cost reduction initiatives and a year-over-year favorable change of $28 million to pension and other post-retirement benefit ("OPEB") actuarial and settlement losses associated with our defined benefit pension plans. The amount of restructuring charges, net of reversals, excluded from COS was $219 million and $7 million for fiscal 2017 and 2016, respectively.

Fiscal 2016 *compared with fiscal 2015*

The net reduction in COS was a result of management's cost reduction initiatives, including reduced headcount, that sought to align our cost structure with business needs. During fiscal 2016 and 2015, we recognized $100 million and $525 million, respectively, of pension and OPEB actuarial and pension settlement losses in COS. The amount of restructuring charges, net of reversals, excluded from COS was $7 million and $248 million for fiscal 2016 and 2015, respectively.

The COS ratio decreased to 73.0% for fiscal 2016 from 76.0% for fiscal 2015. The decrease in the COS ratio for fiscal 2016 was due to the reduction in revenues and the $425 million year-over-year favorable change in the recognition of actuarial and pension settlement losses. This decrease was partially offset by a gain of $31 million on the sale of certain intangible assets and other COS decreases.

Selling, General and Administrative

Fiscal 2017 compared with fiscal 2016

Selling, general and administrative expense as a percentage of revenues, excluding depreciation and amortization, SEC settlement related charges and restructuring charges ("SG&A ratio"), increased 2.2% to 16.8% for fiscal 2017 from 14.6% for fiscal 2016. The increase was due to transaction and integration costs of $305 million associated with our recent acquisitions and the Merger, an increase of $16 million in the recognition of pension and OPEB actuarial and pension settlement losses and a non-recurring settlement recovery of $16 million recorded as a reduction of selling, general and administrative expense ("SG&A") during fiscal 2016, not present in the current fiscal year. These increases were partially offset by higher revenues. During fiscal 2017 and 2016, we recognized $15 million and $(1) million, respectively, of actuarial and pension settlement losses (gains) in SG&A. The amount of restructuring charges, net of adjustments, excluded from SG&A was $19 million and $16 million for fiscal 2017 and 2016, respectively.

Fiscal 2016 compared with fiscal 2015

SG&A expense, excluding restructuring charges of $16 million and $8 million for fiscal 2016 and 2015, respectively, as a percentage of revenues, decreased slightly to 14.6% for fiscal 2016 from 15.0% for fiscal 2015. The SG&A ratio for fiscal 2016 was impacted by the year-over-year favorable change in the recognition of pension and OPEB actuarial and settlement losses. We recognized no actuarial and pension settlement losses in SG&A during fiscal 2016. Comparatively, during fiscal 2015, we recognized $59 million of actuarial and pension settlement losses in SG&A, resulting from the remeasurement of pension assets and liabilities associated with our defined benefit pension plans.

Excluding the impact of the pension adjustments described above, the SG&A ratio increased 0.3% for fiscal 2016 from fiscal 2015. The increase in the SG&A ratio was driven primarily by the reduction in revenues, which more than offset the decrease in SG&A. The lower SG&A costs during fiscal 2016 were primarily the result of management's cost reduction initiatives that sought to align our cost structure with business needs and a settlement recovery of $16 million.

Selling, General and Administrative - SEC Settlement Related Charges

During fiscal 2015, we reached an understanding with the staff of the SEC regarding a settlement of a formal civil investigation by the SEC that commenced during fiscal 2012 and covered a range of matters as previously disclosed, including certain of our prior disclosures and accounting determinations. As part of our understanding with the staff of the SEC regarding terms of the settlement, we agreed to pay a penalty of $190 million and to implement a review of our compliance policies through an independent compliance consultant. We recorded pre-tax charges of $197 million for the penalty and related expenses in fiscal 2015. See Note 22 - "Settlement of SEC Investigation" to the consolidated financial statements for additional information.

Depreciation and Amortization

Fiscal 2017 compared with fiscal 2016

Depreciation and amortization ("D&A") as a percentage of revenues decreased less than 1% to 8.5% for fiscal 2017 from 9.3% for fiscal 2016 due to an increase in revenues for the GBS segment and lower D&A within the GIS segment as a result of reduced capital expenditures from contract terminations, as well as a continued focus on capital efficiency. The decrease in the D&A ratio was partially offset by an increase in amortization related to our recent acquisitions, primarily within the GBS segment.

Fiscal 2016 compared with fiscal 2015

D&A as a percentage of revenues decreased to 9.3% for fiscal 2016 from 10.3% for fiscal 2015. The decrease in the ratio was primarily driven by lower D&A within the GIS segment as a result of lower capital expenditures and sale of contract assets to customers where contracts had concluded.

Restructuring Costs

During fiscal 2017, 2016 and 2015 we initiated certain restructuring actions across our segments. During fiscal 2017 we initiated restructuring actions in certain areas to realign our cost structure and resources to take advantage of operational efficiencies following recent acquisitions and in anticipation of the Merger. Total restructuring costs recorded, net of reversals, were largely the result of implementing workforce reductions. Under our Fiscal 2016 Plan our objective was to optimize utilization of facilities and right size overhead organizations as a result of the Separation. Our objective under our Fiscal 2015 plan was to reduce headcount in order to align resources to support business needs, accelerate efforts to optimize the workforce in high cost markets, particularly in Europe, address our labor pyramid and right-shore our labor mix.

Total restructuring costs recorded, net of reversals, during fiscal 2017, 2016 and 2015 were $238 million, $23 million and $256 million, respectively. Fiscal 2015 restructuring costs included a special restructuring charge of $241 million in the fourth quarter of fiscal 2015. The net amounts recorded included $6 million, $7 million and $3 million of pension benefit augmentations for fiscal 2017, 2016 and 2015, respectively, owed to certain employees under legal or contractual obligations. These augmentations will be paid as part of normal pension distributions over several years. The remaining liabilities under the Fiscal 2013 and Fiscal 2012 plans were paid or reversed during fiscal 2017. During fiscal 2018, as we integrate our businesses after the Merger, we plan to incur restructuring expenses of approximately $1.3 billion in fiscal 2018 and an additional $400 million in fiscal 2019.

Separation Costs

Costs associated with activities relating to the Separation of NPS during the third quarter of fiscal 2016 of $19 million were expensed when incurred. These costs were comprised primarily of third-party accounting, legal and other consulting services. There were no separation costs recorded in fiscal 2017 or fiscal 2015.

Interest Expense and Interest Income

Fiscal 2017 compared with fiscal 2016

Interest expense for fiscal 2017 was $117 million as compared to $123 million in fiscal 2016. The year-over-year decrease in interest expense was due to the fourth quarter fiscal 2016 redemption of our 6.50% term notes and lower interest rates on our existing debt.

Interest income for fiscal 2017 was $35 million as compared to $38 million in fiscal 2016. The decrease in interest income was due to lower average deposit balances in our money market funds and money market deposit accounts during fiscal 2017 as compared to the prior fiscal year.

Fiscal 2016 compared with fiscal 2015

Interest expense for fiscal 2016 was $123 million as compared to $126 million in fiscal 2015. The year-over-year decrease in interest expense for fiscal 2016 was primarily due to lower interest rates than the prior year, which more than offset the increase in borrowings. Included in interest expense for fiscal 2016 is a write-off of $2 million of deferred costs and discount related to the redemption of the 6.50% term notes due March 2018 during the fourth quarter of fiscal 2016.

Interest income for fiscal 2016 was $38 million as compared to $20 million in fiscal 2015. The increase in interest income for fiscal 2016 resulted both from higher interest rates in some of the jurisdictions where we hold balances and principally from increased payments from banks for higher compensating deposit balances in our cash management operations and notional pooling arrangements that are counterbalanced by higher overdraft fees and interest expense.

Debt Extinguishment Costs

During fiscal 2016, we redeemed all outstanding 6.50% term notes due March 2018 at par plus redemption premiums related to a make-whole provision and accrued interest. We recorded $95 million of debt extinguishment costs within the consolidated statement of operations, which consists primarily of the redemption premiums mentioned above. There were no debt extinguishment costs recorded in fiscal 2017 or fiscal 2015.

Other (Income) Expense, Net

Fiscal 2017 compared with fiscal 2016

Other (income) expense, net comprises 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 $1 million year-over-year increase in other income was due to a $7 million year-over-year benefit of favorable movements in foreign currency exchange rates used to fair value our foreign currency forward contracts and the related foreign currency denominated assets and liabilities partially offset by a $6 million gain on sale of certain assets during fiscal 2016 not present in the current fiscal year.

Fiscal 2016 compared with fiscal 2015

Other (income) expense, net increased by $19 million primarily due to the $12 million benefit of favorable movements in exchange rates and the aforementioned $6 million gain on sale of assets.

Taxes

Our effective tax rate ("ETR") on income (loss) from continuing operations for fiscal 2017, 2016 and 2015 was (42.5)%, (620.0)% and (69.2)%, respectively. A reconciliation of the differences between the U.S. federal statutory rate and the ETR, as well as other information about our income tax provision, is provided in Note 11 - "Income Taxes" to the consolidated financial statements.

In fiscal 2017, the ETR was primarily impacted by:

- A change in the valuation allowance that primarily consists of an aggregate income tax detriment for the increase in the valuation allowances on tax attributes primarily in the U.S., Germany and Luxembourg, which decreased the overall income tax benefit and decreased the ETR by $135 million and 78%, respectively. Offset by an aggregate income tax benefit related to the release of valuation allowances on tax attributes primarily in the U.K., Denmark and Japan, which increased the overall income tax benefit and increased the ETR by $75 million and 43.0%, respectively.
- An income tax detriment for transaction costs incurred that are not deductible for tax purposes, which resulted in a decrease to the overall tax benefit and decreased the ETR by $21 million and 12.1%, respectively.
- An income tax benefit from excess tax benefits realized from employee share-based payment awards, which resulted in an increase in the overall income tax benefit and increased the ETR by $20 million and 11.3%, respectively.

In fiscal 2016, the ETR was primarily impacted by:

- The adoption of a new accounting standard on excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- An increase in the overall valuation allowance primarily due to the Separation related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the income tax benefit by $58 million and increased the ETR by 580%.
- Adjustments to uncertain tax positions in the U.S. that increased the overall income tax benefit by $24 million and increased the ETR by 240%, respectively.

In fiscal 2015, the ETR was primarily impacted by:

- The non-deductible SEC settlement of $190 million, which decreased the income tax benefit and the ETR by $73 million and 10.9%, respectively.
- Local losses on investments in Luxembourg increased the foreign rate differential and the ETR by $325 million and 48.4%, respectively, with an offsetting decrease in the ETR due to an increase in the valuation allowance of the same amount.
- Changes in valuation allowances in certain jurisdictions, including a valuation allowance release in the U.K. The total impact of the valuation allowance release increased the income tax benefit and the ETR by $235 million and 35.0%, respectively. There was a net decrease in valuation allowances in fiscal 2015.

The Company entered into negotiations for a resolution of the fiscal 2008 through 2010 U.S. Federal audit through settlement with the IRS Office of Appeals. The IRS examined several issues for this audit that resulted in various audit adjustments. During the fourth quarter of fiscal 2016, the Company and the IRS reached an agreement in principle as to the settlement terms and the Company remeasured its uncertain tax positions. This audit cycle is now under review by the Joint Committee on Taxation. The Company has agreed to extend the statute of limitations associated with this audit through November 30, 2017.

As of March 31, 2017, we are undergoing an IRS audit for the fiscal 2011 through 2013 U.S. Federal tax returns. During the first quarter of fiscal 2018, we received a Revenue Agent's Report, which includes proposed adjustments to previously filed tax returns. We continue to believe that our tax positions are more-likely-than-not sustainable and that we will ultimately prevail.

Income from Discontinued Operations

Income from discontinued operations, net of taxes, for fiscal 2016 and 2015, primarily reflects the results of operations of our former NPS segment. Fiscal 2015 also included the results of operations from the sale of a German software business within the GBS segment and the related $18 million net loss recorded on its disposition.

(Loss) Earnings Per Share

Fiscal 2017 compared with fiscal 2016

Diluted EPS from continuing operations in fiscal 2017 decreased $1.38 per share to $(0.88) per share primarily due to $403 million of transaction and integration related costs during the current fiscal year for the Merger and other acquisitions. In addition, restructuring costs increased $215 million as compared to the same period a year ago. These decreases were partially offset by the non-recurrence of fiscal 2016 debt extinguishment costs of $95 million.

Total diluted EPS for fiscal 2017 decreased $2.66 per share due to the reasons mentioned above for EPS from continuing operations and the lack of discontinued operations associated with the Separation of NPS during the current fiscal year.

Fiscal 2016 compared with fiscal 2015

Diluted EPS for fiscal 2016 was $1.78, which was an increase of $1.77 from fiscal 2015. Diluted EPS from continuing operations in fiscal 2016 increased $1.95 and diluted EPS from discontinued operations decreased $0.18 when compared to fiscal 2015 results.

Diluted EPS from continuing operations increased primarily due to the following items (on a pre-tax basis):

- Favorable change in pension and OPEB actuarial and settlement losses of $485 million, or $3.43 per share;
- Non-recurrence of fiscal 2015 special restructuring charges of $241 million, or $1.71 per share;
- Non-recurrence of fiscal 2015 SEC settlement and related charges of $200 million, or 1.42 per share;
- Partially offset by debt extinguishment costs of $95 million, or (0.67) per share.

Additionally, diluted EPS from continuing operations was adversely impacted by the non-recurrence of the fiscal 2015 tax benefit from the reversal of a valuation allowance of $264 million, or $(1.87) per share.

The decrease in diluted EPS from discontinued operations resulted primarily from a decrease in net income attributable to discontinued operations associated with the Separation of NPS partially offset by the non-recurrence of the fiscal 2015 loss on disposition of GBS' German software business.

Non-GAAP Financial Measures

We present non-GAAP financial measures of performance which are derived from our consolidated financial information. These non-GAAP financial measures include consolidated segment operating income, consolidated segment adjusted operating income, consolidated segment adjusted operating margin, earnings before interest and taxes ("EBIT"), adjusted EBIT, non-GAAP income from continuing operations before taxes, non-GAAP net income from continuing operations and non-GAAP EPS from continuing operations.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a U.S. GAAP basis. Non-GAAP financial measures exclude certain items otherwise required by U.S. GAAP which management believes are not indicative of core operating performance. We believe these non-GAAP measures allow investors to better understand our financial performance exclusive of the impacts of corporate-wide strategic decisions. We believe 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. We believe the non-GAAP measures provided are also considered important measures by financial analysts covering us as equity research analysts publish estimates and research notes based on our non-GAAP commentary, including our guidance around non-GAAP EPS.

There are limitations to the use of the non-GAAP financial measures we present. 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 U.S. 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. Consolidated segment operating income and consolidated segment adjusted operating income are useful measures in evaluating the financial performance of our core segment business operations on a more comparable basis year-over-year. However, these measures could limit one's ability to assess our financial performance by excluding corporate G&A and certain other items. To compensate for this limitation, we provide a reconciliation between these measures and income from continuing operations, before taxes, which is the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

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

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
(Loss) income from continuing operations	$ (100)	$ 72	$ (207)
Non-GAAP income from continuing operations	$ 470	$ 363	$ 326
Consolidated segment operating income	$ 357	$ 515	$ 459
Net (loss) income	$ (100)	$ 263	$ 17
EBIT	$ (92)	$ 95	$ (565)

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP adjustments include:

- Restructuring costs - Reflects restructuring costs related to workforce optimization and real estate charges.
- Transaction and integration-related costs - Reflects costs related to (1) the Separation, (2) integration planning, financing and advisory fees associated with the Merger and (3) acquisitions and related intangible amortization.

- Certain overhead costs - Reflects certain fiscal 2016 and 2015 costs historically allocated to our former NPS segment but not included in discontinued operations due to accounting rules. These costs are expected to be largely eliminated on a prospective basis.
- U.S. Pension and OPEB - Reflects the impact of certain U.S. pension and other OPEB plans historically included in CSC's financial results that have been transferred to CSRA as part of the Separation.
- Pension and OPEB actuarial and settlement losses - Reflects pension and OPEB actuarial and settlement losses from mark-to-market accounting.
- SEC settlement-related items - Reflects costs associated with certain SEC charges and settlements.
- Debt extinguishment costs - Reflects costs related to the fiscal 2016 redemption of all outstanding 6.50% term notes due March 2018.
- Tax adjustment - Reflects the adoption of a new accounting standard in fiscal 2016 changing excess tax benefits on share-based compensation to be recorded as a reduction to income tax expense, the release of tax valuation allowances in certain jurisdictions and the application of an approximate 20% tax rate for fiscal 2016 periods, which is at the low end of the prospective targeted effective tax rate range of 20% to 25% and effectively excludes the impact of discrete tax adjustments for those periods.

A reconciliation of non-GAAP income from continuing operations to reported results is as follows:

	Fiscal Year Ended March 31, 2017				
(in millions, except per-share amounts)	As reported	Restructuring costs	Transaction and integration-related costs	Pension and OPEB actuarial and settlement losses	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 5,545	$ —	$ —	$ (72)	$ 5,473
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,279	—	(305)	(15)	959
(Loss) income from continuing operations, before taxes	(174)	(247)	(403)	(87)	563
Income tax benefit	(74)	(39)	(111)	(17)	93
(Loss) income from continuing operations	(100)	(208)	(292)	(70)	470
Net (loss) income	(100)	(208)	(292)	(70)	470
Less: net income attributable to noncontrolling interest, net of tax	23	—	—	—	23
Net (loss) income attributable to CSC common stockholders	$ (123)	$ (208)	$ (292)	$ (70)	$ 447
Effective Tax Rate	42.5%				16.5%
Basic EPS from continuing operations	$ (0.88)	$ (1.48)	$ (2.08)	$ (0.50)	$ 3.18
Diluted EPS from continuing operations	$ (0.88)	$ (1.44)	$ (2.02)	$ (0.49)	$ 3.10
Weighted average common shares outstanding for:					
Basic EPS	140.39	140.39	140.39	140.39	140.39
Diluted EPS	140.39	144.31	144.31	144.31	144.31

* *The net periodic pension cost within income from continuing operations includes $483 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $161 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.*

	Fiscal Year Ended April 1, 2016									
(in millions, except per-share amounts)	As reported	Certain overhead costs	U.S. pension and OPEB	Transaction and integration-related costs	Restructuring costs	Pension & OPEB actuarial & settlement losses	SEC settlement-related items	Debt extinguishment costs	Tax adjustment	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 5,185	$ (41)	$ 32	$ (5)	$ —	$ (100)	$ —	$ —	$ —	$ 5,071
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,040	(47)	6	(55)	—	1	(5)	—	—	940
Income from continuing operations, before taxes	10	(88)	38	(95)	(66)	(99)	(5)	(100)	—	425
Income tax (benefit) expense	(62)	(34)	15	(23)	(18)	(18)	(2)	(40)	(4)	62
Income from continuing operations	72	(54)	23	(72)	(48)	(81)	(3)	(60)	4	363
Net income	263	(54)	23	(72)	(48)	(81)	(3)	(60)	4	554
Less: net income attributable to noncontrolling interest, net of tax	12	—	—	—	—	—	—	—	—	12
Net income attributable to CSC common stockholders	$ 251	$ (54)	$ 23	$ (72)	$ (48)	$ (81)	$ (3)	$ (60)	$ 4	$ 542
Effective Tax Rate	(620.0)%									14.6%
Basic EPS from continuing operations	$ 0.51	$ (0.39)	$ 0.17	$ (0.52)	$ (0.35)	$ (0.59)	$ (0.02)	$ (0.43)	$ 0.03	$ 2.63
Diluted EPS from continuing operations	$ 0.50	$ (0.38)	$ 0.16	$ (0.51)	$ (0.34)	$ (0.57)	$ (0.02)	$ (0.42)	$ 0.03	$ 2.57
Weighted average common shares outstanding for:										
Basic EPS	138.28	138.28	138.28	138.28	138.28	138.28	138.28	138.28	138.28	138.28
Diluted EPS	141.33	141.33	141.33	141.33	141.33	141.33	141.33	141.33	141.33	141.33

* *The net periodic pension cost within income from continuing operations includes $49 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $179 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.*

	Fiscal Year Ended April 3, 2015							
(in millions, except per-share amounts)	As reported	Certain overhead costs	U.S. Pension and OPEB	Pension and OPEB actuarial and settlement losses	SEC settlement-related items	Restructuring costs	Tax adjustment	Non-GAAP results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 6,159	$ (32)	$ 43	$ (525)	$ —	$ —	$ —	$ 5,645
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,220	(72)	8	(59)	(3)	—	—	1,094
(Loss) income from continuing operations, before taxes	(671)	(104)	51	(584)	(200)	(241)	—	407
Income tax benefit	(464)	(40)	20	(135)	(2)	(50)	(338)	81
(Loss) income from continuing operations	(207)	(64)	31	(449)	(198)	(191)	338	326
Net income	17	(64)	31	(449)	(198)	(191)	338	550
Less: net income attributable to noncontrolling interest, net of tax	15	—	—	—	—	—	—	15
Net income attributable to CSC common stockholders	$ 2	$ (64)	$ 31	$ (449)	$ (198)	$ (191)	$ 338	$ 535
Effective Tax Rate	69.2%							19.9%
Basic EPS from continuing operations	$ (1.45)	$ (0.45)	$ 0.22	$ (3.15)	$ (1.39)	$ (1.34)	$ 2.37	$ 2.29
Diluted EPS from continuing operations	$ (1.45)	$ (0.44)	$ 0.21	$ (3.08)	$ (1.36)	$ (1.31)	$ 2.32	$ 2.24
Weighted average common shares outstanding for:								
Basic EPS	142.56	142.56	142.56	142.56	142.56	142.56	142.56	142.56
Diluted EPS	142.56	145.78	145.78	145.78	145.78	145.78	145.78	145.78

* The net periodic pension cost within income from continuing operations includes $298 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $223 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.

We define consolidated segment operating income as revenues less costs of services, associated depreciation and amortization expense, restructuring costs and segment SG&A expenses. Consolidated segment operating income excludes pension and OPEB actuarial and settlement losses and corporate G&A, which is largely associated with centrally managed overhead and shared-services functions which are not controlled by segment level leadership nor directly related to our core segment business operations. Consolidated segment adjusted operating income further excludes the impacts of corporate-wide strategic decisions, such as segment related restructuring and other transaction costs. We define consolidated segment adjusted operating margin as consolidated segment adjusted operating income as a percentage of revenues. A reconciliation of consolidated segment operating income to income from continuing operations, before taxes is as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Consolidated segment operating income	$ 357	$ 515	$ 459
Corporate G&A	(372)	(216)	(230)
Pension and OPEB actuarial and settlement losses	(87)	(99)	(584)
SEC settlement related charges & other	—	—	(200)
Separation costs	—	(19)	—
Interest expense	(117)	(123)	(126)
Interest income	35	38	20
Debt extinguishment costs	—	(95)	—
Other income (expense), net	10	9	(10)
(Loss) income from continuing operations, before taxes	$ (174)	$ 10	$ (671)

Reconciliations of consolidated segment operating income to consolidated segment adjusted operating income are as follows:

	Fiscal Year Ended March 31, 2017				
(in millions)	Consolidated segment operating income	Restructuring costs	Transaction and integration-related costs	Consolidated segment adjusted operating income	Consolidated segment adjusted operating margin
Global Business Services	$ 305	$ (116)	$ (77)	$ 498	11.9%
Global Infrastructure Services	107	(131)	(71)	309	9.0%
Total Commercial	412	(247)	(148)	807	10.6%
Corporate and Eliminations	(55)	—	(3)	(52)	—%
Total	$ 357	$ (247)	$ (151)	$ 755	9.9%

	Fiscal Year Ended April 1, 2016						
(in millions)	Consolidated segment operating income	Certain overhead costs	U.S Pension & OPEB	Restructuring costs	Transaction and integration-related costs	Consolidated segment adjusted operating income	Consolidated segment adjusted operating margin
Global Business Services	$ 381	$ —	$ 11	$ (37)	$ (16)	$ 423	11.6%
Global Infrastructure Services	216	—	27	(28)	(20)	237	6.8%
Total Commercial	597	—	38	(65)	(36)	660	9.3%
Corporate and Eliminations	(82)	(48)	—	(1)	(5)	(28)	—%
Total	$ 515	$ (48)	$ 38	$ (66)	$ (41)	$ 632	8.9%

	Fiscal Year Ended April 3, 2015					
(in millions)	Consolidated segment operating income	Certain overhead costs	U.S. Pension and OPEB	Restructuring costs	Consolidated segment adjusted operating income	Consolidated segment adjusted operating margin
Global Business Services	$ 405	$ —	$ 16	$ (125)	$ 514	12.7%
Global Infrastructure Services	162	—	35	(112)	239	5.9%
Total Commercial	567	—	51	(237)	753	9.3%
Corporate and Eliminations	(108)	(38)	—	(4)	(66)	—%
Total	$ 459	$ (38)	$ 51	$ (241)	$ 687	8.5%

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

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Adjusted EBIT	$ 627	$ 503	$ 513
Restructuring costs	(247)	(66)	(241)
Transaction and integration-related costs	(385)	(93)	—
SEC settlement-related items	—	(5)	(200)
Pension and OPEB actuarial and settlement losses	(87)	(99)	(584)
Debt extinguishment costs	—	(95)	—
Certain overhead costs	—	(88)	(104)
U.S. Pension and OPEB	—	38	51
EBIT	$ (92)	$ 95	$ (565)
Interest expense	(117)	(123)	(126)
Interest income	35	38	20
Income tax benefit	74	62	464
(Loss) income from continuing operations	$ (100)	$ 72	$ (207)
Income from discontinued operations, net of taxes	—	191	224
Net (loss) income	$ (100)	$ 263	$ 17

Liquidity and Capital Resources

Cash and Cash Equivalents and Cash Flows

As of March 31, 2017, our cash and cash equivalents were $1.3 billion, of which $0.8 billion was held outside of the U.S. A substantial portion of funds can be returned to the US from funds advanced previously to fund our foreign acquisition initiatives. If additional funds held outside the U.S. are needed for our operations in the U.S., we may be required to accrue and pay U.S. taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate these funds for our U.S. operations.

In fiscal 2017 and 2016, the U.S. dollar strengthened against most of the major world currencies, particularly the British Pound, resulting in a $60 million and $57 million, respectively, adverse effect on cash and cash equivalents. The effect of movement in foreign currency exchange rates on our net debt, which includes cash and cash equivalents, is discussed below under “Capital Resources.”

During fiscal 2017, we paid cash dividends to our stockholders of approximately $78 million in aggregate.

Cash and cash equivalents ("cash") increased $85 million year-over-year from fiscal 2016 to $1.3 billion, primarily due to cash provided by operations. The following table summarizes our cash flow activity:

	Fiscal Year Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Net cash provided by operating activities	$ 978	$ 802	$ 1,473
Net cash used in investing activities	(926)	(1,180)	(536)
Net cash provided by (used in) financing activities	93	(485)	(1,078)
Effect of exchange rate changes on cash and cash equivalents	(60)	(57)	(204)
Net increase (decrease) in cash and cash equivalents	$ 85	$ (920)	$ (345)
Cash and cash equivalents at beginning of year	1,178	2,098	2,443
Cash and cash equivalents at the end of period	$ 1,263	$ 1,178	$ 2,098

Operating cash flow

Net cash provided by operating activities during fiscal 2017 increased $176 million as compared to the corresponding period of fiscal 2016. The increase was due to an increase in trade payables of $411 million, a decrease in net account receivables of $457 million, $32 million less restructuring charges compared to fiscal 2016 and a cash outflow of $190 million for SEC settlement paid in fiscal 2016 with no comparative outflow for the current year. In addition, payments received from CSRA under the amended IP matters agreement increased $35 million. The increase in operating cash flows was partially offset by a $189 million increase in transaction, integration and separation payments, an increase in the deferred purchase price receivable of $252 million and a $545 million decrease in net income adjusted for non-cash transactions from fiscal 2016.

Net cash provided by operating activities during fiscal 2016 was $802 million, which decreased $671 million as compared to fiscal 2015. This decrease was due to a decrease in accounts payable primarily due to the $249 million decline in our overall operating expenses, a payment of $190 million for the SEC settlement, lower collections of receivables of $108 million, $86 million of increased restructuring payments, $79 million of payments related to the Separation, $22 million paid for certain NPS overhead costs and a $176 million decrease from fiscal 2015 in net income adjusted for non-cash transactions. These cash flow decreases were partially offset by net proceeds of $239 million from our NPS segment receivables sales facility mentioned above.

Investing cash flow

Net cash used in investing activities during fiscal 2017 decreased $254 million to $926 million. This decrease was driven by a decline of $120 million spent on acquisitions and a decline in capital expenditures of $150 million.

Net cash used in investing activities during fiscal 2016 of $1.2 billion increased $644 million compared to fiscal 2015. The increase in outflow was primarily due to an increase of $505 million for business acquisitions, $70 million in short-term investing in Xchanging and $94 million less cash received from the sale of assets. These increases were partially offset by proceeds from business divestitures of $50 million.

Financing cash flow

Net cash provided by financing activities during fiscal 2017 was $93 million, as compared to cash used of $485 million during fiscal 2016. The decline was due primarily to certain fiscal 2016 cash outflows that did not re-occur in the current year, including a $350 million repayment of our 2.5% term notes, $313 million special cash dividend paid as part of the Separation, $95 million payment for the early extinguishment of debt and $73 million treasury stock that occurred during fiscal 2016. These declines of cash used in financing activities were partially offset by a $254 million payment of acquired debt from the acquisition of Xchanging and $85 million in net proceeds from the structured sale of the Company's U.K. campus.

Net cash used in financing activities during fiscal 2016 was $485 million, a decrease of $593 million from fiscal 2015. The decrease was primarily due to $769 million of lower share repurchases, increased net commercial paper borrowings of $558 million, increased net lines of credit borrowings of $381 million, and net of borrowings related to the Separation of NPS of $68 million. For more information about our share repurchase program see Note 14 - "Stockholders' Equity" to the consolidated financial statements. These items were partially offset by the special cash dividend paid of $313 million as part of the Separation, as well as higher net payments on long-term debt of $941 million.

Capital Resources

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

	As of	
(in millions)	**March 31, 2017**	**April 1, 2016**
Short-term debt and current maturities of long-term debt	$ 738	$ 710
Long-term debt, net of current maturities	2,225	1,934
Total debt	$ 2,963	$ 2,644

The $319 million increase in total debt during fiscal 2017 was attributed primarily to the $283 million increase in borrowings under our revolving credit facility incurred to partially fund the Xchanging acquisition. For more information on our debt, see Note 12 - "Debt" to the consolidated financial statements. During the fourth quarter of fiscal 2017, we entered into various amendments to our revolving credit facility, term loans, commercial paper program and lease credit facility which, among other things, replaced CSC with DXC as the principal borrower or guarantor upon completion of the Merger. We were in compliance with all financial covenants associated with our borrowings as of March 31, 2017 and April 1, 2016.

The following table summarizes our capitalization ratios:

	As of	
(in millions)	**March 31, 2017**	**April 1, 2016**
Total debt	$ 2,963	$ 2,644
Cash and cash equivalents	1,263	1,178
Net debt[1]	$ 1,700	$ 1,466
Total debt	$ 2,963	$ 2,644
Equity	2,166	2,032
Total capitalization	$ 5,129	$ 4,676
Debt-to-total capitalization	57.8%	56.5%
Net debt-to-total capitalization[1]	33.1%	31.4%

[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.*

The increase in net debt-to-total capitalization was primarily the result of a $234 million increase in net debt, predominately due to funds borrowed to acquire Xchanging which was partially offset by the increase in cash generated from our operations.

During fiscal 2017, the strengthening of the U.S. dollar resulted in an unfavorable impact to cash and cash equivalents. At the same time, the translation of our debt off shore in non-US dollar currencies, including the British Pound, resulted in a favorable effect on these foreign currency liabilities, which counterbalanced the decrease in cash and cash equivalents from foreign currency exchange rates.

Liquidity

We expect our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet normal operating requirements for the next twelve 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 through the issuance of capital market debt instruments such as commercial paper, term loans and bonds. However, there can be no assurances that we will be able to obtain debt financing on acceptable terms 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 March 31, 2017
Cash and cash equivalents	$ 1,263
Available borrowings under our revolving credit facility	2,272
Available borrowings under our lease credit facility	62
Total liquidity	$ 3,597

Off-Balance Sheet Arrangements

Receivables Securitization Facility

On December 21, 2016, we established a $250 million accounts receivable securitization facility providing for the sale of billed and unbilled accounts receivable which expires December 20, 2017, but may be extended. The proceeds from the sale of these receivables comprise a combination of cash and a deferred purchase price ("DPP"). We expect to use the proceeds from the receivables facility for general corporate purposes. 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 March 31, 2017, the total availability under the receivables facility was approximately $217 million.

During fiscal 2017, we received $223 million in cash proceeds from the sale of receivables and recorded a DPP with a fair value as of March 31, 2017 of $252 million, which is included in receivables, net of allowance for doubtful accounts on the consolidated balance sheets. Additionally, as of March 31, 2017, a $6 million liability was included within accounts payable because the amount of cash proceeds received under the receivables facility exceeded the maximum funding limit. We reflected all cash flows related to the receivables facility as operating activities in our consolidated statements of cash flows because the cash received is not subject to significant interest rate risk given the short-term nature of our trade receivables.

Our risk of loss for accounts receivable sold is limited to the DPP outstanding and any short-falls in collections for specified non-credit related reasons after sale. Payment of the DPP is not subject to significant risks other than delinquencies and credit losses on accounts receivable sold.

The receivable securitization program agreements contain certain customary representations and warranties and affirmative covenants, including as to the eligibility of the receivables being sold, and contain customary program termination events and non-reinvestment events. We were in compliance with all covenants associated with our receivables facility as of March 31, 2017.

Guarantees and Financial Instruments

In the normal course of business, we are a party to off-balance sheet arrangements that include guarantees and financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. In general, we would only be liable for the amounts of these guarantees in the event that our nonperformance permits termination of the related contract by our client. We also use stand-by letters of credit, in lieu of cash, to support various risk management insurance policies. These stand-by letters of credit represent a contingent liability and we would only be liable if we defaulted on our payment obligations on these policies. No liabilities related to these arrangements are reflected in our consolidated balance sheets, and we do not expect any material adverse effects on our financial condition, results of operations or cash flows to result from these off-balance sheet arrangements. See Note 21 - "Commitments and Contingencies" to the consolidated financial statements for additional information regarding these off-balance sheet arrangements.

Contractual Obligations

Our contractual obligations as of March 31, 2017 were as follows:

(in millions)	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Debt [(1)]	$ 55	$ 372	$ 1,271	$ 515	$ 2,213
Interest and preferred dividend payments [(2)]	49	69	55	12	185
Capitalized lease liabilities	37	59	11	—	107
Operating leases	124	161	64	97	446
Minimum purchase obligations[(3)]	407	731	731	—	1,869
Total[(4)]	$ 672	$ 1,392	$ 2,132	$ 624	$ 4,820

[(1)] *Amounts represent scheduled principal payments of long-term debt and mandatory redemption of preferred stock of a consolidated subsidiary.*

[(2)] *Amounts represent scheduled interest payments on long-term debt and scheduled dividend payments associated with the mandatorily redeemable preferred stock outstanding excluding contingent dividends associated with the participation and variable appreciation premium features.*

[(3)] *Includes long-term purchase agreements with certain software, hardware, telecommunication and other service providers and exclude agreements that are cancelable without penalty. If we do not meet the specified service minimums, we may have an obligation to pay the service provider a portion of or the entire shortfall.*

[(4)] *See Note 11 - "Income Taxes" and Note 13 - "Retirement and Other Post-Retirement Benefit Plans" to the consolidated financial statements for the estimated liability related to unrecognized tax benefits and estimated future benefit payments under our Pension and OPEB plans, respectively, that have been omitted from this table.*

Critical Accounting 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. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates under different assumptions, judgments or conditions. Certain of our accounting policies require higher degrees of judgment than others in their application. These include certain aspects of accounting for revenue recognition, income taxes, business combinations and defined benefit plans. We have reviewed our critical accounting estimates with the audit committee of our board of directors.

Revenue Recognition

The majority of our revenues are recognized based on objective criteria and does not require significant estimates that may change over time. However, some arrangements are subject to specific accounting guidance that may require significant estimates, including contracts subject to percentage-of-completion accounting, that include multiple-element deliverables or are subject to software accounting guidance.

Percentage-of-completion method

Certain software development projects and all long-term construction-type contracts require the use of estimates at completion in the application of the percentage-of-completion accounting method, whereby the determination of revenues and costs on a contract through its completion can require significant judgment and estimation. Under this method, and subject to the effects of changes in estimates, we recognize revenues using an estimated margin at completion as contract milestones or other input or output-based measures are achieved. This can result in costs being deferred as work in process until contractual billing milestones are achieved. Alternatively, this can result in revenues recognized in advance of billing milestones if output-based or input-based measures are achieved. Contracts that require estimates at completion using the percentage-of-completion method accounted for approximately 5% of our revenues.

The percentage-of-completion method requires estimates of revenues, costs and profits over the entire term of the contract, including estimates of resources and costs necessary to complete performance. The cost estimation process is based upon the professional knowledge and experience of our software and systems engineers, program managers and financial professionals. We follow this method because reasonably dependable estimates of the revenues and costs applicable to various elements of a contract can be made; however, some estimates are particularly difficult for activities involving state-of-the-art technologies such as system development projects. Key factors that are considered in estimating the work to be completed and ultimate contract profitability include the availability and productivity of labor, the nature and complexity of the work to be performed, results of testing procedures and progress toward completion. Management regularly reviews project profitability and the underlying estimates. A significant change in an estimate on one or more contracts could have a material effect on our results of operations. Revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become evident.

We periodically negotiate modifications to the scope, schedule and price of contracts accounted for on a percentage-of-completion basis. Accounting for such changes prior to formal contract modification requires evaluation of the characteristics and circumstances of the effort completed and assessment of probability of recovery. If recovery is deemed probable, we may, as appropriate, either defer the costs until the parties have agreed on the contract change or recognize the costs and related revenues as current period contract performance.

Multiple-element arrangements

Many of our contracts call for us to provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, when considered appropriate, how the total estimated revenues should be allocated among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires estimating the fair value or selling price of each element based on vendor specific objective evidence ("VSOE"), third party evidence ("TPE") or management's best estimate of selling price ("BESP") for the deliverables when VSOE or TPE are not available. VSOE is established for an element based on the price charged when the element is sold separately. TPE is established by considering our competitors' prices for comparable product and service offerings in the market in which we operate. When we conclude that comparable products or services are sold by competitors to similarly situated customers, we consult available information sources to arrive at TPE such as published list prices, quoted market prices and industry reports. We establish BESP consistent with our existing pricing practices involving a cost-plus-reasonable-margin methodology as well as comparison of the margins to those realized on recent contracts for similar products or services in that market. Once the total estimated revenues have been allocated to the various contract elements, revenues for each element are recognized based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met. Estimates of total revenues at contract inception often differ materially from actual revenues due to volume differences, changes in technology or other factors which may not be foreseen at inception.

Software sales

If significant customization is required in the delivery of a proprietary software product, and VSOE is available to support accounting for the software as a separate unit of account, the software is determined to be delivered as the customization services are performed and revenue is recognized in accordance with the percentage-of-completion method described above. In such cases, cost and profit estimates are required over the life of the project, and changes in such estimates can have a material effect on results. Changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

Capitalization of Outsourcing Contract Costs

Certain costs incurred upon initiation of an outsourcing contract are deferred and amortized over the contract life. These costs consist of contract acquisition and transition/set-up costs, costs associated with installation of systems and processes, and amounts paid to customers in excess of the fair market value of assets acquired (i.e., contract premiums). Amortization of contract premiums is recorded as a reduction of revenue. Finance staff, working with program management, review costs to determine appropriateness for deferral in accordance with relevant accounting guidance.

Key estimates and assumptions include assessing the fair value of assets acquired from a customer in order to calculate the contract premium and project future cash flows in order to assess the recoverability of deferred costs. We utilize the experience and knowledge of our professional staff in program management, operations, procurement and finance areas, as well as third parties when warranted, to determine the fair values of assets acquired. To assess recoverability, undiscounted estimated cash flows of the contract are projected over its remaining life and compared to the carrying amount of contract related assets, including the unamortized deferred cost balance. Key factors that are considered in estimating the undiscounted cash flows include projected labor costs and productivity efficiencies. A significant change in an estimate or assumption on one or more contracts could have a material effect on our results of operations.

Capitalization of Software Development Costs

After establishing technological feasibility, we capitalize certain costs incurred to develop commercial software products to be sold, leased or otherwise marketed. We also capitalize costs to develop or purchase internal-use software. Significant estimates and assumptions include: determining the appropriate period over which to amortize the capitalized costs based on estimated useful lives, estimating the marketability of the commercial software products and related future revenues, and assessing the unamortized cost balances for impairment.

Determining the appropriate amortization period for commercial software products is based on estimates of future revenues from sales of the products. We consider various factors to project marketability and future revenues, including an assessment of alternative solutions or products, current and historical demand for the product, and anticipated changes in technology that may make the product obsolete.

For internal-use software, the appropriate amortization period is based on estimates of our ability to utilize the software on an ongoing basis. To assess the recoverability of capitalized software costs, we consider estimates of future revenue, costs and cash flows. Such estimates require assumptions about future cash inflows and outflows, and are based on the experience and knowledge of our professional staff. A significant change in an estimate related to one or more software products could result in a material change to our results of operations.

Income Taxes

We are subject to income taxes in the U.S. (federal and state) and numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes, analyzing our income tax reserves, the determination of the likelihood of recoverability of deferred tax assets and adjustment of valuation allowances accordingly. In addition, our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. For example, we are currently undergoing an IRS audit for fiscal 2011 through 2013 U.S. Federal tax returns.

As a global enterprise, our ETR is affected by many factors, including our global mix of earnings among countries with differing statutory tax rates, the extent to which our non-U.S. earnings are indefinitely reinvested outside the U.S, changes in the valuation allowance for deferred tax assets, changes in tax regulations, acquisitions, dispositions and the tax characteristics of our income. We cannot predict what our ETR will be in the future because there is uncertainty regarding these factors.

With regards to non-U.S. earnings indefinitely reinvested outside the U.S, we use the lower undistributed tax rate to measure deferred taxes on inside basis differences, including undistributed earnings, of our India operations as these earnings are permanently reinvested. If we change our intent and distribute such earnings either in the form of a dividend or a share buyback, higher dividend distribution tax or share buyback tax will be incurred as a result of additional legislation effective in May 2015 related to the India Finance Act of 2013 that increased the share buyback tax rate to 23.07% and increased the dividend distribution tax rate to 20.36%, among other changes.

Considerations impacting the recoverability of deferred tax assets include the period of expiration of the tax asset, planned use of the tax asset and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. In determining whether the deferred tax assets are realizable, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. We recorded a valuation allowance against deferred tax assets of approximately $1.1 billion as of March 31, 2017 due to uncertainties related to the ability to utilize these assets. However, valuation allowances are subject to change in future reporting periods due to changes in various factors.

Changes in tax laws, such as tax reform in the U.S. or changes in tax laws resulting from the Organization for Economic Co-operation and Development’s multi-jurisdictional plan of action to address “base erosion and profit shifting” could impact our effective tax rate. As an example, the reduction in the main rate of U.K. corporation tax to 17.0% effective April 1, 2020 is expected to reduce the value of our U.K. deferred tax assets by approximately $10 million. The calculation of our tax liabilities involves uncertainties in the application of complex tax regulations. For example, we have favorable positions related to the research & development tax credit, bonus depreciation and the look-through rules related to Subpart F income that has historically been subject to annual extension, resulting in uncertainty in estimating future income tax results. In 2015, Congress enacted the Protecting Americans from Tax Hikes Act, which made several of these provisions permanent, or extended them for multiple years, which improved our ability to forecast income tax in future years.

The Finance Act of 2012 (the "2012 Finance Act") was signed into law in India on May 28, 2012. The 2012 Finance Act provides for the taxation of indirect foreign investment in India, including on a retroactive basis. The 2012 Finance Act overrides the Vodafone NL ruling by the Supreme Court of India which held that the Indian Tax Authorities cannot assess capital gains taxes on the sale of shares of non-Indian companies that indirectly own shares in an Indian company. The retroactive nature of these changes in law has been strongly criticized and challenged in the Indian courts; however, there is no assurance that such a challenge will be successful. We have engaged in the purchase of shares of foreign companies that indirectly own shares of an Indian company and internal reorganizations involving Indian companies. The Indian tax authorities may seek to apply the provisions of the 2012 Finance Act to these prior transactions and seek to tax us directly or as a withholding agent or representative assessee of the sellers involved in prior acquisitions. We believe that the 2012 Finance Act does not apply to these prior acquisitions and that we have strong defenses against any claims that might be raised by the Indian tax authorities.

The U.K. Finance Act 2017 (the "U.K. Finance Act") proposed in December 2016 will impose restrictions on the utilization of prior period losses against current period profits, limitations on interest deductions, changes to anti-hybrid rules and expand the scope of withholding taxes to certain intangible assets. As the detail of the legislation has yet to be finalized or enacted, it is difficult at this stage to determine the impact of the U.K. Finance Act on our future financial results in the U.K. When fully enacted, the provisions of the U.K. Finance Act are expected to take effect from April 1, 2017.

Assumptions Related to Acquisition-method Accounting, Acquired Intangible Assets and Goodwill

We use the acquisition method of accounting, which requires us to estimate the fair values of the assets acquired and liabilities assumed. This includes acquired intangible assets such as customer-related intangibles, the liabilities assumed and contingent consideration, if any. Liabilities assumed may include litigation and other contingency reserves existing at the time of acquisition and require judgment in ascertaining the related fair values. Independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities. Such appraisals are based on significant estimates provided by us, such as forecasted revenues or profits utilized in determining the fair value of contract-related acquired intangible assets or liabilities. Significant changes in assumptions and estimates subsequent to completing the allocation of the purchase price to the assets and liabilities acquired, as well as differences in actual and estimated results, could result in material impacts to our financial results. Adjustments to the fair value of contingent consideration are recorded in earnings. Additional information related to the acquisition date fair value of acquired assets and liabilities obtained during the allocation period, not to exceed one year, may result in changes to the recorded values of acquired assets and liabilities, resulting in an offsetting adjustment to the goodwill associated with the business acquired.

Goodwill is reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable in accordance with ASC 350 “Goodwill and Other Intangible Assets.” A significant amount of judgment is involved in determining if an event representing an indicator of impairment has occurred between annual test dates. Such indicators may include: a significant decline in expected future cash flows; a sustained, significant decline in stock price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; the testing for recoverability of a significant asset group within a reporting unit; and reductions in revenue or profitability growth rates. An adverse change in these factors could have a significant impact on the recoverability of goodwill.

The Company follows GAAP-prescribed rules when determining if goodwill has been impaired. Initially, an assessment of qualitative factors is conducted 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. If the Company determines that it is not more likely than not that its carrying amount is less than its fair value for a reporting unit, then the subsequent two-step goodwill impairment testing process is not required. If the Company determines that it is more likely than not that its carrying amount is greater than its fair value for a reporting unit, then it proceeds with the subsequent two-step process.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. Step one of the process 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, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. In this step, the reporting unit’s fair value is determined and allocated to all the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in order to calculate the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business acquisition. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

The Company estimates the fair value of each reporting unit using a combination of the income approach and 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 a 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 in turn is based on the specific risk characteristics of each reporting unit, the weighted average cost of capital and its underlying forecast. 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 with similar operating and investment characteristics as the reporting unit. If the fair value of the reporting unit derived using the income approach is significantly different from the fair value estimate using the market approach, the Company reevaluates its assumptions used in the two models. 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 weighted values assigned to each reporting unit are primarily influenced by two 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.

In order to assess the reasonableness of the calculated reporting unit fair values, the Company also compares the sum of the reporting units’ fair values to its market capitalization (per share stock price multiplied by shares outstanding) and calculates an implied control premium (the excess of the sum of the reporting units’ fair values over the market capitalization). The Company evaluates the control premium by comparing it to control premiums of recent comparable transactions. If the implied control premium is not reasonable in light of these recent transactions, the Company reevaluates its fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions. As a result, when the price for CSC’s common stock is low, this reevaluation can result in lower estimated fair values of the reporting units.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates, operating margins, terminal growth rates and capital expenditures, as well as discount rates. Estimates involve the assessment of labor and other direct costs of existing contracts, estimates of overhead costs and other indirect costs and assessments of new business prospects and projected win rates. In addition, judgments and assumptions are required for allocating acquired assets and liabilities to determine the carrying values of each of our reporting units. In addition, although we have consistently used the same methods in developing the assumptions and estimates underlying the fair value calculations, such estimates are uncertain and may vary from actual results.

Defined Benefit Plans

The computation of our pension and other post-retirement benefit costs and obligations is dependent on various assumptions. Inherent in the application of the actuarial methods are key assumptions, including discount rates, expected long-term rates of return on plan assets, mortality rates, rates of compensation increases and medical cost trend rates. Our management evaluates these assumptions annually and updates assumptions as necessary. The fair value of assets is determined based on observable inputs for similar assets or on significant unobservable inputs if not available. Two of the most significant assumptions are the expected long-term rate of return on plan assets and the discount rate. Our weighted average rates used were:

	March 31, 2017	April 1, 2016	April 3, 2015
Discount rates	3.1%	3.0%	4.4%
Expected long-term rates of return on assets	6.3%	6.3%	7.1%

The assumption for the expected long-term rate of return on plan assets is impacted by the expected asset mix of the plan; judgments regarding the correlation between historical excess returns and future excess returns and expected investment expenses. The discount rate assumption is based on current market rates for high-quality, fixed income debt instruments with maturities similar to the expected duration of the benefit payment period. The following table provides the impact changes in the weighted-average assumptions would have had on our net periodic pension benefits and settlement and contractual termination charges for fiscal 2017:

(in millions)	Change	Approximate Change in Net Periodic Pension Expense	Approximate Change in Settlement and Contractual Termination Charges
Expected long-term return on plan assets	0.5%	$ (13)	$ 12
Expected long-term return on plan assets	(0.5)%	13	(12)
Discount rate	0.5%	4	(305)
Discount rate	(0.5)%	$ (7)	$ 305

Assumptions and Estimates Used to Analyze Contingencies and Litigation

We are subject to various claims and contingencies associated with lawsuits, insurance, tax and other issues arising in the normal course of business. The consolidated financial statements reflect the treatment of claims and contingencies based on management's view of the expected outcome. CSC consults with outside legal counsel on issues related to litigation and seeks input from other experts and advisors with respect to matters in the ordinary course of business. If the likelihood of an adverse outcome is probable and the amount is estimable, we accrue a liability in accordance with ASC 450 “Contingencies.” Significant changes in the estimates or assumptions used in assessing the likelihood of an adverse outcome could have a material effect on our results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a multinational company, we are exposed to certain market risks such as changes in interest rates and foreign currency exchange rates. Changes in benchmark interest rates can impact interest expense associated with our floating interest rate debt and the fair value of our fixed interest rate debt, whereas changes in foreign currency exchange rates can impact our foreign currency denominated monetary assets and liabilities and forecasted transactions in foreign currency. A variety of practices are employed to manage these risks, including operating and financing activities and the use of derivative instruments.

Presented below is a description of our risks together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates. In order to determine the impact of changes in interest rates on our future results of operations and cash flows, we calculated the increase or decrease in the index underlying these rates. We estimate the fair value of our long-term debt primarily using an expected present value technique using interest rates offered to us for instruments with similar terms and remaining maturities. The foreign currency model incorporates the impact of diversification from holding multiple currencies and the correlation of revenues, costs and any related short-term contract financing in the same currency. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period. Our market risk exposures relative to interest rates and currency rates, as discussed below, have not changed materially as compared to the prior fiscal year.

Interest Rate Risk

As of March 31, 2017, we had outstanding debt with varying maturities for an aggregate carrying amount of $3.0 billion, of which $2.3 billion was floating rate debt. Most of our variable interest rate debt is based upon varying terms of adjusted LIBOR rates; consequently, changes in LIBOR result in the most volatility to our interest expense. Pursuant to our interest rate and risk management strategy we had a series of interest rate swap agreements with a total notional amount of $607 million. These instruments hedged the variability of cash outflows for interest payments on certain floating interest rate debt, which effectively converted $607 million of our floating interest rate debt into fixed interest rate debt. As of March 31, 2017, an assumed 10% unfavorable change in interest rates would not be material to our consolidated results of operations or cash flows. A change in interest rates related to our long-term debt would not have had a material impact on our financial statements as we do not record our debt at fair value.

Foreign Currency Risk

We are exposed to both favorable and unfavorable movements in foreign currency exchange rates. In the ordinary course of business, we enter into certain contracts denominated in foreign currencies. Exposure to fluctuations in foreign currency exchange rates arising from these contracts is analyzed during the contract bidding process. We generally manage these contracts by incurring costs in the same currency in which revenues are received and any related short-term contract financing requirements are met by borrowing in the same currency. Thus, by generally matching revenues, costs and borrowings to the same currency, we are able to mitigate a portion of the foreign currency risk to earnings. However, due to our increased use of offshore labor centers, we have become more exposed to fluctuations in foreign currency exchange rates. We experienced significant foreign currency fluctuations during fiscal 2017 and 2016 due primarily to the volatility of the British pound in relation to the U.S. dollar.

We have policies and procedures to manage exposure to fluctuations in foreign currency by using short-term foreign currency forward contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. For accounting purposes, these foreign currency forward contracts are not designated as hedges and changes in their fair value are reported in current period earnings within other income, net in the consolidated statements of operations. We also use foreign currency forward contracts to reduce foreign currency exchange rate risk related to certain Indian rupee denominated intercompany obligations and forecasted transactions. For accounting purposes these foreign currency forward contracts are designated as cash flow hedges with critical terms that match the hedged items; therefore, the changes in fair value of these forward contracts are recorded in accumulated other comprehensive income, net of taxes in the consolidated statements of comprehensive income and subsequently classified into net income in the period during which the hedged transactions are recognized in net income. We do not use derivatives tor trading or speculative purposes.

During fiscal 2017, approximately 61% of our revenues were generated outside of the U.S. For the year ended March 31, 2017, an unfavorable 10% change in the value of the U.S. dollar against all currencies would have changed revenues by approximately 6%, or $462 million. The majority of this fluctuation would be offset by expenses incurred in local currency and as a result, there would not be a material change to our income from continuing operations, before taxes. As such, in the view of management, the resulting impact would not be material to our consolidated results of operations or cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	49
Consolidated Balance Sheets as of March 31, 2017 and April 1, 2016	50
Consolidated Statements of Operations for the Fiscal Years Ended March 31, 2017, April 1, 2016 and April 3, 2015	51
Consolidated Statements of Comprehensive (Loss) Income for the Fiscal Years Ended March 31, 2017, April 1, 2016 and April 3, 2015	52
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2017, April 1, 2016 and April 3, 2015	53
Consolidated Statements of Changes in Equity for the Fiscal Years Ended March 31, 2017, April 1, 2016 and April 3, 2015	55
Notes to Consolidated Financial Statements	
Note 1–Summary of Significant Accounting Policies	56
Note 2–Acquisitions	66
Note 3–Divestitures	69
Note 4–Earnings Per Share	72
Note 5–Receivables	73
Note 6–Fair Value	75
Note 7–Derivative Instruments	76
Note 8–Property and Equipment	79
Note 9–Intangible Assets	79
Note 10–Goodwill	81
Note 11–Income Taxes	82
Note 12–Debt	89
Note 13–Pension and Other Benefit Plans	91
Note 14–Stockholders' Equity	98
Note 15–Stock Incentive Plans	100
Note 16–Cash Flows-Supplemental Disclosures	104
Note 17–Other Income/Expense	104
Note 18–Segment and Geographic Information	104
Note 19–Restructuring Costs	107
Note 20–Consolidated Variable Interest Entities	109
Note 21–Commitments and Contingencies	110
Note 22–Settlement of SEC Investigation	116
Note 23–Subsequent Events	117
Supplementary Data	118

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Computer Sciences Corporation
Tysons, Virginia

We have audited the accompanying consolidated balance sheets of Computer Sciences Corporation and subsidiaries (the "Company") as of March 31, 2017 and April 1, 2016, and the related consolidated statements of operations, comprehensive (loss) income, cash flows and changes in equity for each of the three fiscal years in the period ended March 31, 2017. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Computer Science Corporation and subsidiaries as of March 31, 2017 and April 1, 2016, and the results of their operations and their cash flows for each of the three fiscal years in the period ended March 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 25, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/DELOITTE & TOUCHE LLP

McLean, Virginia
May 25, 2017

COMPUTER SCIENCES CORPORATION
CONSOLIDATED BALANCE SHEETS

	As of	
(in millions, except per share and share amounts)	March 31, 2017	April 1, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,263	$ 1,178
Receivables, net of allowance for doubtful accounts of $26 and $31	1,643	1,831
Prepaid expenses and other current assets	341	403
Total current assets	3,247	3,412
Intangible assets, net of accumulated amortization of $2,293 and $2,228	1,794	1,328
Goodwill	1,855	1,277
Deferred income taxes, net	381	345
Property and equipment, net of accumulated depreciation of $2,816 and $2,894	903	1,025
Other assets	483	349
Total Assets	$ 8,663	$ 7,736
LIABILITIES and EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	738	710
Accounts payable	410	341
Accrued payroll and related costs	248	288
Accrued expenses and other current liabilities	998	720
Deferred revenue and advance contract payments	518	509
Income taxes payable	38	40
Total current liabilities	2,950	2,608
Long-term debt, net of current maturities	2,225	1,934
Non-current deferred revenue	286	348
Non-current pension obligations	342	298
Non-current income tax liabilities and deferred tax liabilities	423	356
Other long-term liabilities	271	160
Total Liabilities	6,497	5,704
Commitments and contingencies		
CSC stockholders’ equity:		
Preferred stock, par value $1 per share; authorized 1,000,000 shares; none issued	—	—
Common stock, par value $1 per share; authorized 750,000,000 shares; issued 151,932,040 and 148,746,672	152	149
Additional paid-in capital	2,565	2,439
(Accumulated deficit) retained earnings	(170)	33
Accumulated other comprehensive loss	(162)	(111)
Treasury stock, at cost, 10,633,243 and 10,365,811 shares	(497)	(485)
Total CSC stockholders’ equity	1,888	2,025
Noncontrolling interest in subsidiaries	278	7
Total Equity	2,166	2,032
Total Liabilities and Equity	$ 8,663	$ 7,736

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

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
(in millions, except per-share amounts)	March 31, 2017	April 1, 2016	April 3, 2015
Revenues	$ 7,607	$ 7,106	$ 8,117
Costs of services (excludes depreciation and amortization and restructuring costs)	5,545	5,185	6,159
Selling, general and administrative (excludes depreciation and amortization, SEC settlement related charges and restructuring costs)	1,279	1,040	1,220
Selling, general and administrative - SEC settlement related charges	—	—	197
Depreciation and amortization	647	658	840
Restructuring costs	238	23	256
Separation costs	—	19	—
Interest expense	117	123	126
Interest income	(35)	(38)	(20)
Debt extinguishment costs	—	95	—
Other (income) expense, net	(10)	(9)	10
Total costs and expenses	7,781	7,096	8,788
(Loss) income from continuing operations, before taxes	(174)	10	(671)
Income tax benefit	(74)	(62)	(464)
(Loss) income from continuing operations	(100)	72	(207)
Income from discontinued operations, net of taxes	—	191	224
Net (loss) income	(100)	263	17
Less: net income attributable to noncontrolling interest, net of tax	23	12	15
Net (loss) income attributable to CSC common stockholders	$ (123)	$ 251	$ 2
(Loss) earnings per common share			
Basic:			
Continuing operations	$ (0.88)	$ 0.51	$ (1.45)
Discontinued operations	—	1.31	1.46
	$ (0.88)	$ 1.82	$ 0.01
Diluted:			
Continuing operations	$ (0.88)	$ 0.50	$ (1.45)
Discontinued operations	—	1.28	1.46
	$ (0.88)	$ 1.78	$ 0.01
Cash dividend per common share	$ 0.56	$ 2.99	$ 0.92

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

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Net (loss) income	$ (100)	$ 263	$ 17
Other comprehensive loss, net of taxes:			
Foreign currency translation adjustments, net of tax expense of $5, $4 and $3	(75)	(83)	(310)
Foreign currency forward contracts, net of tax expense of $12, $0 and $0	21	1	(2)
Pension and other post-retirement benefit plans, net of tax:			
Prior service credit, net of tax expense of $0, $1 and $37	—	2	57
Amortization of transition obligation, net of tax expense of $0	1	—	1
Amortization of prior service cost, net of tax benefit of $5, $10 and $7	(12)	(20)	(16)
Foreign currency exchange loss, net of tax benefit of $1, $0 and $0	(2)	(1)	—
Pension and other post-retirement benefit plans, net of tax	(13)	(19)	42
Other comprehensive loss, net of taxes	(67)	(101)	(270)
Comprehensive (loss) income	(167)	162	(253)
Less: comprehensive income attributable to noncontrolling interest	7	12	15
Comprehensive (loss) income attributable to CSC common stockholders	$ (174)	$ 150	$ (268)

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

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
(in millions)	**March 31, 2017**	**April 1, 2016**	**April 3, 2015**
Cash flows from operating activities:			
Net (loss) income	$ (100)	$ 263	$ 17
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	658	767	977
Pension & other post-employment benefits, actuarial & settlement losses	87	92	782
Share-based compensation	75	45	68
Deferred taxes	(92)	(37)	(449)
Loss (gain) on dispositions	6	(41)	(22)
Provision for losses on accounts receivable	4	6	2
Unrealized foreign currency exchange losses (gain)	24	43	(4)
Impairment losses and contract write-offs	8	2	—
Debt extinguishment costs	—	95	—
Amortization of prepaid debt issuance costs	17	—	—
Cash surrender value in excess of premiums paid	(7)	(10)	(9)
Other non-cash charges, net	—	—	39
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease in receivables	586	129	237
Increase in deferred purchase price receivable	(252)	—	—
Increase in prepaid expenses and other current assets	(29)	(15)	(36)
Increase (decrease) in accounts payable and accruals	54	(357)	(313)
SEC settlement related charges	—	(190)	190
(Decrease) increase in income taxes payable and income tax liability	(32)	58	(33)
(Decrease) increase in advances contract payments and deferred revenue	(67)	(37)	11
Other operating activities, net	38	(11)	16
Net cash provided by operating activities	978	802	1,473
Cash flows from investing activities:			
Purchases of property and equipment	(246)	(356)	(381)
Payments for outsourcing contract costs	(101)	(101)	(68)
Short-term investing	—	(70)	—
Software purchased and developed	(140)	(184)	(199)
Payments for acquisitions, net of cash acquired	(434)	(554)	(49)
Business dispositions	3	37	(13)
Proceeds from sale of assets	57	61	155
Other investing activities, net	(65)	(13)	19
Net cash used in investing activities	(926)	(1,180)	(536)
Cash flows from financing activities:			
Borrowings of commercial paper	2,191	821	—
Repayments of commercial paper	(2,086)	(263)	—

Borrowings under lines of credit and short-term debt	920	2,206	—
Repayment of borrowings under lines of credit	(789)	(1,825)	(32)
Borrowings on long-term debt, net of discount	159	928	—
Principal payments on long-term debt	(313)	(1,869)	(242)
Proceeds from structured sale of facility	85	—	—
Proceeds from stock options and other common stock transactions	54	82	196
Taxes paid related to net share settlements of share-based compensation awards	(13)	(48)	(22)
Debt extinguishment costs	—	(95)	—
Repurchase of common stock and advance payment for accelerated share repurchase	—	(73)	(842)
Dividend payments	(78)	(430)	(128)
Borrowings for CSRA spin transaction	—	1,508	—
Transfers of cash to CSRA upon Separation	—	(1,440)	—
Other financing activities, net	(37)	13	(8)
Net cash provided by (used in) financing activities	93	(485)	(1,078)
Effect of exchange rate changes on cash and cash equivalents	(60)	(57)	(204)
Net increase (decrease) in cash and cash equivalents	85	(920)	(345)
Cash and cash equivalents at beginning of year	1,178	2,098	2,443
Cash and cash equivalents at end of year	$ 1,263	$ 1,178	$ 2,098

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

COMPUTER SCIENCES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock			(Accumulated Deficit)	Accumulated Other				
(in millions, except shares in thousands)	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock [2]	Total CSC Equity	Non-Controlling Interest	Total Equity
Balance at March 28, 2014	154,721	$ 155	$ 2,304	$ 1,598	$ 279	$ (418)	$ 3,918	$ 32	$ 3,950
Net (loss) income				2			2	15	17
Other comprehensive loss					(270)		(270)		(270)
Share-based compensation expense			67				67		67
Acquisition of treasury stock						(28)	(28)		(28)
Share repurchase program	(11,716)	(12)	(295)	(529)			(836)		(836)
Stock option exercises and other common stock transactions	5,369	5	210				215		215
Dividends declared				(131)			(131)		(131)
Noncontrolling interest distributions and other				(12)	12		—	(19)	(19)
Balance at April 3, 2015	148,374	$ 148	$ 2,286	$ 928	$ 21	$ (446)	$ 2,937	$ 28	$ 2,965
Net (loss) income				251			251	12	263
Other comprehensive loss					(101)		(101)		(101)
Share-based compensation expense			45				45		45
Acquisition of treasury stock						(39)	(39)		(39)
Share repurchase program	(3,750)	(4)	36	(106)			(74)		(74)
Stock option exercises and other common stock transactions	4,123	5	72				77		77
Dividends declared				(104)			(104)		(104)
Special dividend				(317)			(317)		(317)
Capital contributions							—	6	6
Noncontrolling interest distributions and other							—	(9)	(9)
Divestiture of NPS				(619)	(31)		(650)	(30)	(680)
Balance at April 1, 2016	148,747	$ 149	$ 2,439	$ 33	$ (111)	$ (485)	$ 2,025	$ 7	$ 2,032
Net (loss) income				(123)			(123)	23	(100)
Other comprehensive loss					(51)		(51)	(16)	(67)
Share-based compensation expense			73				73		73
Acquisition of treasury stock						(12)	(12)		(12)
Stock option exercises and other common stock transactions	3,185	3	53				56		56
Dividends declared				(80)			(80)		(80)
Noncontrolling interest distributions and other							—	(17)	(17)
Noncontrolling interest from acquisition[1]							—	281	281
Balance at March 31, 2017	151,932	$ 152	$ 2,565	$ (170)	$ (162)	$ (497)	$ 1,888	$ 278	$ 2,166

(1) See Note 2: "Acquisitions"

(2) 10,633,243 treasury shares as of March 31, 2017

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

Note 1 - Summary of Significant Accounting Policies

Business

Computer Sciences Corporation (“CSC” or the "Company") is a next-generation global provider of information technology services and solutions. CSC’s mission is to enable superior returns on its clients' technology investments through best-in-class vertical industry solutions, domain expertise, strategic partnerships with key technology leaders and global scale. The Company helps lead its clients through their digital transformations to meet new business demands and customer expectations in a market of escalating complexity, interconnectivity, mobility and opportunity. CSC strives to be a trusted IT partner to its clients by addressing their requirements and providing next-generation IT services that include applications modernization, cloud infrastructure, cyber security and big data solutions.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of CSC, its subsidiaries, and those business entities in which the Company 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. All intercompany transactions and balances have been eliminated. The Company reports its results based on a fiscal year convention that comprises four thirteen-week quarters. Every fifth year includes an additional week in the first quarter to prevent the fiscal year moving from an approximate end of March date. Certain prior year amounts have been reclassified to conform to the current year presentation, specifically software, outsourcing contracts costs, and customer and other intangible assets were aggregated into intangible assets in the consolidated balance sheets.

During fiscal 2016, the Company completed the separation of the Company's U.S. public sector business ("NPS") and combination of NPS with SRA International, Inc. to form a new independent publicly traded Company; CSRA Inc. (the "Separation"). As a result of the Separation, the consolidated statements of operations, consolidated balance sheets, and related financial information reflect NPS's operations as discontinued operations for fiscal 2016 and fiscal 2015. However, the cash flows and comprehensive income of NPS have not been segregated and are included in the consolidated statements of cash flows and consolidated statements of comprehensive income (loss) for fiscal 2016 and fiscal 2015.

Subsequent to fiscal year end, effective April 1, 2017, the Company completed its previously announced merger with the Enterprise Services business of Hewlett Packard Company ("HPES"). CSC merged with and into a wholly owned subsidiary of DXC Technology Company ("DXC") with CSC surviving as a wholly owned subsidiary of DXC (the "Merger"). Following completion of the Merger, DXC became a separate publicly traded company.

Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. These estimates are based on management’s knowledge of historical information and current events, and expectations about actions that the Company may undertake in the future. Actual results could differ materially from those estimates. In the opinion of Company management, the accompanying consolidated financial statements contain all adjustments necessary, including those of a normal recurring nature, to fairly present the financial statements. Amounts subject to significant judgment and estimates include contracts accounted for using the percentage-of-completion method, cash flows used in the evaluation of impairment of goodwill and other long-lived assets, reserves for uncertain tax benefits, valuation allowances on deferred tax assets, loss accruals for litigation and pension related liabilities.

Revenue Recognition

The Company's primary service offerings are information technology outsourcing, other professional services, or a combination thereof. Revenue is recognized when persuasive evidence of an arrangement exists, services or products have been provided to the client, the sales price is fixed or determinable, and collectability is reasonably assured. For non-software arrangements that include multiple-elements, revenue recognition involves the identification of separate units of accounting after consideration of combining and/or segmenting contracts and allocation of the arrangement consideration to the units of accounting on the basis of their relative selling price.

Revenue under such contracts is recognized based upon the level of services delivered in the periods in which they are provided. These contracts often include upfront fees billed for activities to familiarize CSC with the client's operations, take control over their administration and operation, and adapt them to CSC's solutions. These activities typically do not qualify as separate units of accounting, and the related revenues are deferred until service commencement and recognized ratably over the period of performance during the period in which CSC provides the related service, which is typically the life of the contract. Costs are expensed as incurred, except for direct and incremental set-up costs which are capitalized and amortized on a straight-line basis over the life of the contract, which are described in more detail under the heading of intangible assets below. Software transactions that include multiple elements are described below within Multiple-element software sales.

The Company generally provides its services under time and materials contracts, unit price contracts, fixed-price contracts, and multiple-element software sales for which revenue is recognized in the following manner:

Time and materials contracts - Revenue is recorded at agreed-upon billing rates at the time services are provided.

Unit-price contracts - Revenue is recognized based on unit metrics multiplied by the agreed upon contract unit price or when services are delivered.

Fixed-price contracts - For certain fixed-price contracts, revenue is recognized under the percentage-of-completion method as described below; these include certain software development projects and all long-term construction-type contracts. For other fixed-price contracts, revenue is recognized based on the proportion of the services delivered to date as a percentage of the total services to deliver over the contract term. If output or input measures are not available or cannot be reasonably estimated, revenue is recognized ratably over the contract term. Under the percentage-of-completion method, progress towards completion is measured based on either achievement of specified contract milestones, costs incurred as a proportion of estimated total costs, or other measures of progress when appropriate. Profit in a given period is reported at the estimated profit margin to be achieved on the overall contract. This method can result in the recognition of unbilled receivables, the deferral of costs as work in process, or deferral of profit on these contracts. Contracts that require estimates at completion using the percentage-of-completion method accounted for approximately 5% of the Company's revenues for fiscal 2017. Management regularly reviews project profitability and underlying estimates. Revisions to the estimates at completion are reflected in results of operations as a change in accounting estimate in the period in which the facts that give rise to the revision become known by management. Provisions for estimated losses at completion, if any, are recognized in the period in which the loss becomes evident. The provision includes estimated costs in excess of estimated revenue and any profit margin previously recognized.

Multiple-element software sales - For multiple-element arrangements that involve the sale of CSC proprietary software, post contract customer support, and other software-related services, vendor-specific objective evidence ("VSOE") of fair value is required to allocate and recognize revenue for each element. VSOE of fair value is determined based on the price charged where each deliverable is sold separately. In situations where VSOE of fair value exists for all undelivered elements but not a delivered element (typically the software license element), the residual method is used. This method allocates revenue to the undelivered elements equal to their VSOE value with the remainder allocated to the delivered element. If significant customization is required, and VSOE is available to support accounting for the software as a separate unit of account, software revenue is recognized as the related software customization services are performed in accordance with the percentage-of-completion method described above. In situations where VSOE of fair value does not exist for all of the undelivered software-related elements, revenue is deferred until only one undelivered element remains and then recognized following the pattern of delivery of the final undelivered element.

Pension and Other Benefit Plans

The Company accounts for all of its pension, other post-retirement benefit ("OPEB"), defined contribution and deferred compensation plans using the guidance of ASC 710 "Compensation - General" and ASC 715 "Compensation - Retirement Benefits". The Company recognizes changes in actuarial gains and losses and fair value of plan assets in earnings at the time of plan remeasurement as a component of net periodic benefit expense. Typically plan remeasurement occurs annually during the fourth quarter of each year. The remaining components of pension and OPEB expense, primarily current period service and interest costs and expected return on plan assets, are recorded on a quarterly basis.

Inherent in the application of the actuarial methods are key assumptions, including, but not limited to, discount rates, expected long-term rates of return on plan assets, mortality rates, rates of compensation increases, and medical cost trend rates. Company management evaluates these assumptions annually and updates assumptions as necessary. The fair value of assets is determined based on the prevailing market prices or estimated fair value of investments when quoted prices are not available.

Software Development Costs

After establishing technological feasibility, and until such time as the software products are available for general release to customers, the Company capitalizes costs incurred to develop commercial software products to be sold, leased or otherwise marketed. Costs incurred to establish technological feasibility are charged to expense as incurred. Enhancements to software products are capitalized where such enhancements extend the life or significantly expand the marketability of the products. Amortization of capitalized software development costs is determined separately for each software product. Annual amortization expense is calculated based on the greater of the ratio of current gross revenues for each product to the total of current and anticipated future gross revenues for the product or the straight-line amortization method over the estimated useful life of the product.

Unamortized capitalized software costs associated with commercial software products are periodically evaluated for impairment on a product-by-product basis by comparing the unamortized balance to the product’s net realizable value. The net realizable value is the estimated future gross revenues from that product reduced by the related estimated future costs. When the unamortized balance exceeds the net realizable value, the unamortized balance is written down to the net realizable value and an impairment charge is recorded.

The Company capitalizes costs incurred to develop internal-use computer software during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Internal and external costs incurred in connection with development of upgrades or enhancements that result in additional functionality are also capitalized. Capitalized costs associated with internal-use software are amortized on a straight-line basis over the estimated useful life of the software. Purchased software is capitalized and amortized over the estimated useful life of the software. Internal-use software assets are evaluated for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Share-Based Compensation

Share-based awards are accounted for under the fair value method. The Company provides different forms of share-based compensation to its employees and non-employee directors. This includes stock options and restricted stock units ("RSUs"), including performance-based restricted stock units ("PSUs"). The fair value of the awards is determined on the grant date, based on the Company's closing stock price. For awards settled in shares, the Company recognizes compensation expense based on the grant-date fair value net of estimated forfeitures over the vesting period. For awards settled in cash, the Company recognizes compensation expense based on the fair value at each reporting date net of estimated forfeitures.

The Company uses the Black-Scholes-Merton model to compute the estimated fair value of options granted. This model includes assumptions regarding expected term, risk-free interest rates, expected volatility and dividend yields which are periodically evaluated. The expected term is calculated based on the Company’s historical experience with respect to its stock plan activity and an estimate of when vested and unexercised option shares will be exercised. The expected term of options is based on job tier classifications, which have different historical exercise behavior. The risk-free interest rate is based on the zero-coupon interest rate of U.S. government issued treasury strips with a period commensurate with the expected term of the options.

Expected volatility is based on a blended approach, which uses a two-thirds weighting for historical volatility and one-third weighting for implied volatility. The Company’s historical volatility calculation is based on employee class and historical closing prices of a peer group, in order to better align this factor with the expected terms of the stock options. CSC’s implied stock price volatility is derived from the price of exchange traded options on CSC’s stock with the longest remaining contractual term. Implied volatility is a prospective, forward looking measure representing market participants’ expectations of CSC's future stock price volatility. The dividend yield assumption is based on the respective fiscal year dividend payouts. Forfeitures are estimated based on historical experience and adjustments are made annually to reflect actual forfeiture experience.

Business Combinations

Companies acquired during each reporting period are reflected in the results of the Company effective from their respective dates of acquisition through the end of the reporting period. The Company allocates the fair value of purchase consideration to the assets acquired and liabilities assumed generally based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed in the acquired entity is recorded as goodwill. If the Company obtains new information about facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's consolidated statements of operations. For contingent consideration recorded as a liability, the Company initially measures the amount at fair value as of the acquisition date and adjusts the liability, if needed, to fair value each reporting period. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recognized as operating income or expense. Acquisition-related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill

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. 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 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 follows U.S. GAAP-prescribed rules when determining if goodwill has been impaired. Initially, an assessment of qualitative factors is conducted 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. If the Company determines that it is not more likely that its carrying amount is less than its fair value for a reporting unit, then the subsequent two-step goodwill impairment testing process is not required. If the Company determines that it is more likely than not that its carrying amount is greater than its fair value for a reporting unit, then it proceeds with the subsequent two-step process.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. Step one of the process 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, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. In this step, the reporting unit’s fair value is determined and allocated to all the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in order to calculate the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business acquisition. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

When the Company performs step one of the two-step 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 a 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.

If CSC performs a step one analysis 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 (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 reasonable in light of the actual acquisition transactions, the Company reevaluates its fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions. As a result, when CSC's stock price and thus market capitalization is low relative to the sum of the estimated fair value of its reporting units, this reevaluation can result in reductions to its estimated fair values for the reporting units.

Fair Value

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The objective of a fair value measurement is to estimate the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Such transactions to sell an asset or transfer a liability are assumed to occur in the principal market for that asset or liability, or in the absence of the principal market, the most advantageous market.

Assets and liabilities subject to fair value measurement disclosures are required to be classified according to a three-level fair value hierarchy with respect to the inputs used to determine fair value. The level in which an asset or liability is disclosed within the fair value hierarchy is based on the lowest level input that is significant to the related fair value measurement in its entirety. The levels of input are defined as follows:

Level 1: Quoted prices unadjusted for identical assets or liabilities in an active market.
Level 2: Inputs other than quoted prices that are observable, either directly or indirectly, for similar assets or liabilities.
Level 3: Unobservable inputs that reflect the entity's own assumptions which market participants would use in pricing the asset or liability.

Receivables

The Company records receivables and unbilled services at their face amounts less an allowance for doubtful accounts. Receivables consist of amounts billed and currently due from customers, amounts earned but unbilled (including contracts measured under the percentage-of-completion method of accounting), amounts retained by the customer until the completion of a specified contract, negotiation of contract modification and claims. Unbilled recoverable amounts under contracts in progress generally become billable upon achievement of project milestones or upon acceptance by the customer.

Allowances for uncollectible billed trade receivables are estimated based on a combination of write-off history, aging analysis and any known collectability issues. Unbilled amounts under contracts in progress that are recoverable do not have an allowance for credit losses. Adjustments to unbilled amounts under contracts in progress related to credit quality, should they occur, would be recorded as a reduction of revenues.

CSC uses receivables securitization facilities or receivables sales facilities in the normal course of business as part of managing its cash flows. The Company accounts for receivables sold under these facilities as a sale of financial assets pursuant to ASC 860 “Transfers and Servicing” and derecognizes these receivables, as well as the related allowances, from its consolidated balance sheets. Generally, the fair value of the sold receivables approximates the book value due to the short-term nature and, as a result, no gain or loss on sale of receivables is recorded. Under the receivables facilities, the deferred purchase price receivable is recorded at fair value which is determined by calculating the expected amount of cash to be received based on unobservable inputs consisting of the face amount of the receivables adjusted for anticipated credit losses.

The Company reflects all cash flows related to receivables facilities as operating activities in its consolidated statements of cash flows because the cash received upon both the sale and collection of the receivables is not subject to significant interest rate risk given the short-term nature of the Company’s trade receivables.

Property and Equipment

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

Property and Equipment:	
Buildings	Up to 40 years
Computers and related equipment	4 to 5 years
Furniture and other equipment	2 to 15 years
Leasehold improvements	Shorter of lease term or useful life

Intangible Assets

The Company's estimated useful lives for finite-lived intangibles are shown in the table below:

Software	2 to 10 years
Outsourcing contract costs	Contract life, excluding option years
Customer related intangibles	Expected customer service life
Acquired contract related intangibles	Contract life and first contract renewal, where applicable

Software is amortized using predominately the straight-line method. Costs of outsourcing contracts, including costs incurred for bid and proposal activities, are generally expensed as incurred. However, certain costs incurred upon initiation of an outsourcing contract are deferred and expensed on a straight-line basis over the contract life. These costs represent incremental external costs or certain specific internal costs that are directly related to the contract acquisition or transition activities and can be separated into two principal categories: contract premiums and transition/set-up costs. Contract premiums are amounts paid to customers in excess of the fair value of assets acquired and are recorded as a reduction to revenues. Transition/set-up costs are primarily associated with assuming control over customer IT operations and transforming them to be consistent with contract specifications. Acquired contract related and customer related intangible assets are amortized in proportion to the estimated undiscounted cash flows projected over the estimated life of the asset or on a straight-line basis if such cash flows cannot be reliably estimated.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

Long-lived assets such as property and equipment and finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future net cash flows. If estimated future undiscounted net cash flows are less than the carrying amount, an expense is recorded in the amount, if any, required to reduce the carrying amount to fair value. Fair value is determined based on a discounted cash flow approach or, when available and appropriate, comparable market values. Long-lived assets to be disposed of are reported at the lower of their carrying amount or their fair value less costs to sell.

Income Taxes

The Company uses the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, using statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date.

A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the Company’s tax provision during the period in which the change occurred. In determining whether a valuation allowance is warranted, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. The Company recognizes uncertain tax positions within the consolidated financial statements when it is more likely than not that the tax position will be sustained upon examination. Uncertain tax positions are measured based on the probabilities that the uncertain tax position will be realized upon final settlement.

All tax-related cash flows resulting from excess tax benefits related to the settlement of share-based awards are classified as cash flows from operating activities and cash paid by directly withholding shares for tax withholding purposes is classified as a financing activity in the consolidated statements of cash flows.

Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less to be cash equivalents. The Company’s cash equivalents consist of time deposits, money market funds and money market deposit accounts with a number of institutions that have high credit ratings.

Foreign Currency

The local currency of the Company's foreign affiliates is generally their functional currency. Accordingly, the assets and liabilities of the foreign affiliates are translated from their respective functional currency to U.S. dollars using fiscal year-end exchange rates, income and expense accounts are translated at the average rates in effect during the fiscal year and equity accounts are translated at historical rates. The resulting translation adjustment is reported in the consolidated statements of comprehensive (loss) income and recorded as part of accumulated other comprehensive (loss) income ("AOCI").

Derivative Instruments

The Company designates certain derivative instruments as hedges for purposes of hedge accounting, as defined under ASC 815, “Derivatives and Hedging.” For such derivative instruments, the Company documents its risk management objectives and strategy for undertaking hedging transactions, as well as all relationships between hedging and hedged risks. The Company's derivative instruments designated for hedge accounting consist mainly of interest rate swaps and foreign currency forward contracts. Changes in the fair value measurements of the cash flow hedge derivative instruments are reflected as adjustments to other comprehensive income and subsequently reclassified into earnings in the period during which the hedged transactions are recognized in earnings. Changes in fair value measurements of interest rate swaps are recorded in current period earnings and fully offset the changes in the fair value of the hedged debt where such instruments have qualified for the short-cut method of hedge accounting under ASC 815.

The derivative instruments not designated as hedges for purposes of hedge accounting include total return swaps and certain short-term foreign currency forward and option contracts. These instruments are recorded at their respective fair values and the change in their value is reported in current period earnings. The Company does not use derivative instruments for trading or any speculative purpose. All cash flows associated with the Company's derivative instruments are classified as operating activities in the consolidated statements of cash flows.

New Accounting Standards

During fiscal 2017, CSC adopted the following Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB"):

ASU 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement Period Adjustments," requires an acquirer in a business combination to account for a measurement-period adjustment during the period in which the amount is determined, instead of retrospectively. CSC adopted this ASU prospectively effective April 2, 2016 and the impact on its consolidated financial statements was immaterial.

ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," as clarified by ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements," requires that debt issuance costs are presented in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Presentation of fees under line-of-credit ("LOC") arrangements had not been specified in ASU 2015-03; as a result, ASU 2015-15 was issued. ASU 2015-15 states that the SEC staff would not object to an entity deferring LOC commitment fees as an asset and subsequently amortizing ratably over the term of the underlying LOC arrangement, regardless of whether there are outstanding borrowings under that LOC arrangement. CSC adopted both ASUs retrospectively effective April 2, 2016 and the impact upon its consolidated financial statements was immaterial.

ASU 2015-05, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement," issued guidance about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement does not contain a software license, the customer should account for the arrangement as a service contract. If the arrangement includes software licenses, it should be accounted for and considered as other licenses of intangible assets. CSC elected to adopt this ASU prospectively effective April 2, 2016. The adoption of this ASU did not have a material impact on its consolidated financial statements.

ASU 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern,” to provide guidance on management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern and to provide related footnote disclosures. CSC adopted this ASU for the year ending March 31, 2017. In connection with the preparation of the financial statements for the year ended March 31, 2017, the Company conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to the entity's ability to continue as a going concern within one year after the date of the issuance, or the date of availability, of the financial statements to be issued, noting that there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

Standards Issued But Not Yet Effective

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

In May 2017, the FASB issued ASU 2017-09, “Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting,” which provided clarity as to what changes to the terms or conditions of share-based payment awards require an entity to apply modification accounting in Topic 718. ASU 2017-09 is effective for CSC for interim and annual periods beginning in fiscal 2019, with early adoption permitted and is applied prospectively to changes in terms or conditions of awards occurring on or after the adoption date. CSC will consider the impact that this standard may have on future stock-based payment award modifications should they occur.

In March 2017, the FASB issued ASU 2017-07, “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” which is intended to improve the presentation of net periodic pension cost and net periodic post-retirement benefit cost in an entity's financial statements by requiring the service cost component be disaggregated from other components of net benefit costs and presented in the same line item or items as other compensation costs for the employees. Additionally, only the service cost component of net benefit cost is eligible for capitalization when applicable. ASU 2017-07 is effective for CSC in fiscal 2019 and must be applied retrospectively. ASU 2017-07 is permitted for early adoption, but only at the beginning of an annual period for which financial statements have not been issued or made available for issuance. CSC is currently evaluating the impact that this ASU will have on its reporting and asset recognition.

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment,” which simplifies how an entity is required to test goodwill for impairment by eliminating step two from the goodwill impairment test whereby a goodwill impairment loss is determined by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. Rather, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. ASU 2017-04 is effective for CSC in fiscal 2021, applied on a prospective basis, and early adoption is allowed for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. ASU 2017-04 will only be applicable in the event an impairment is recognized.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” which adds guidance to assisting companies evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or as businesses, and provides for a screen to determine when a transaction should be accounted for as the acquisition or disposal of assets and not of a business, potentially reducing the number of transactions that need to be further evaluated. ASU 2017-01 is effective for CSC in fiscal 2019, applied on a prospective basis, and early application is allowed for certain transactions. CSC will evaluate any potential business combinations that may occur in the future.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash a consensus of the FASB Emerging Issues Task Force,” which requires that amounts described as restricted cash or cash equivalents must be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 will be effective for CSC in fiscal 2019 and must be applied retrospectively to all periods presented. CSC is currently evaluating the impact, if any, that the adoption of ASU 2016-18 may have on its consolidated statements of cash flows in future reporting periods.

In October 2016, the FASB issued ASU 2016-17, “Consolidation (Topic 810): Interests held through Related Parties that are under Common Control,” which alters how a decision maker considers indirect interests in a variable interest entity ("VIE") held through an entity under common control and simplifies that analysis to require consideration of only an entity’s proportionate indirect interest in a VIE held through a common control party. ASU 2016-17 amends ASU 2015-02, “Consolidations (Topic 810): Amendments to the Consolidation Analysis,” adopted by CSC in the first three months of fiscal 2017, which did not have a material impact upon the unaudited consolidated financial statements. ASU 2016-17 will be effective for CSC in fiscal 2018 and will be required to be applied retrospectively to all relevant periods in fiscal 2017 when ASU 2015-02 was initially applied. CSC has determined the adoption of ASU 2016-17 will not have a material impact on its consolidated financial statements in future reporting periods.

In October 2016, the FASB issued ASU 2016-16, “Accounting for Income Taxes: Intra-entity Asset Transfers of Assets Other than Inventory,” which requires that an entity recognize the tax expense from intra-entity sales of assets, other than inventory, in the seller’s tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. ASU 2016-16 will be effective for CSC in fiscal 2019 and early adoption is permitted as of the beginning of a fiscal year. The new standard must be adopted using a modified retrospective transition method which is a cumulative-effective adjustment to retained earnings as of the beginning of the first effective reporting period. CSC is currently evaluating intercompany transaction tax effects to determine the impact of ASU 2016-16 on its reported effective tax rate.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,” which addressed eight cash flow classification issues that have created diversity in practice, providing definitive guidance on classification of certain cash receipts and payments. ASU 2016-15 will be effective for CSC in fiscal 2019 and early adoption is permitted. This ASU must be adopted retrospectively for all periods presented but may be applied prospectively if retrospective application would be impracticable. CSC will monitor future cash transactions and determine if any of the eight affected transactions occur to determine proper cash flow classification.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which 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. ASU 2016-13 will be effective for CSC in fiscal 2021. This ASU must be adopted using a prospective transition approach for debt securities for which an other-than-temporary impairment had been recognized before the effective date. CSC is currently evaluating its trade receivables and financial arrangements for potential impact the adoption of ASU 2016-13 may have on its consolidated financial statements in future reporting periods.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." This amendment 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. ASU 2016-02 will be effective for CSC in fiscal 2020 and early adoption is permitted. This ASU must be adopted using a modified retrospective transition and provides for certain practical expedients. CSC is currently evaluating the effect the adoption of ASU 2016-02 will have on its existing accounting policies and the consolidated financial statements in future reporting periods, but expects there will be an increase in assets and liabilities on its balance sheets at adoption due to the recording of right-of-use assets and corresponding lease liabilities, which may be significant. Refer to Note 21 - "Commitments and Contingencies" for information about its operating lease obligations.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU 2016-01 will be effective for CSC in fiscal 2019. This ASU should be applied prospectively to equity investments that exist as of the date of adoption for equity securities without readily determinable fair values. CSC is currently evaluating the impact that adoption of ASU 2016-01 may have on its consolidated financial statements in future reporting periods.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which, along with amendments issued in 2015 and 2016, will replace most existing revenue recognition guidance under U.S. GAAP and eliminate industry specific guidance. The core principle of ASU 2014-09 is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which CSC expects to be entitled in exchange for those goods or services. The guidance also addresses the timing of recognition of certain costs incurred to obtain or fulfill a customer contract. Further, it requires the disclosure of sufficient information to enable readers of CSC’s financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, and information regarding significant judgments and changes in judgments made.

ASU 2014-09 provides two methods of adoption: full retrospective and modified retrospective. Under the full retrospective method, the standard would be applied to all periods presented with previously disclosed periods restated under the new guidance. Under the modified retrospective method, prior periods would not be restated but rather a cumulative catch-up adjustment would be recorded on the adoption date. The Company will adopt this standard in the first quarter of Fiscal 2019 and has not yet selected a transition method.

Based on the implementation efforts to-date, the Company is currently assessing the impact of the new standard on certain accounting policies that may be affected, including:

- The Company’s IT and business process outsourcing arrangements comprise a series of distinct services, for which revenue is expected to be recognized as the services are provided in a manner that is generally consistent with current practices.
- The Company has certain arrangements involving the sale of proprietary software and related services for which VSOE of fair value may not exist, resulting in the deferral of revenue. Under the new standard, estimates of standalone selling price will be necessary for all software performance obligations, which may result in the acceleration of revenue.
- The Company currently does not capitalize commission costs, which will be required in certain cases under the new standard and amortized over the period that services or goods are transferred to the customer. However, the Company will need to further assess the impact of the standard on commission plans of the combined company.

CSC also is completing its initial assessment to evaluate the impact that adopting the guidance will have on processes, systems and internal controls. The Company expects there will be significant implementation efforts to accumulate and report additional disclosures required by the standard. Due to the Merger, the Company is still in the process of integrating its implementation plans. As such, the Company has not yet reached a conclusion about what impact ASU 2014-09 will have on its consolidated financial statements.

Other recently issued ASUs effective after March 31, 2017 are not expected to have a material effect on CSC's consolidated financial statements.

Note 2 - Acquisitions

Fiscal 2017 Acquisitions

Aspediens Acquisition

On July 5, 2016, CSC acquired all of the outstanding capital stock of Aspediens, a privately held provider of technology-enabled solutions for the service-management sector and a preferred partner of ServiceNow, for total purchase consideration of $15 million which was funded from existing cash balances. The acquisition enhanced CSC's Global Business Services ("GBS") segment in its ServiceNow practice.

The purchase consideration included cash of $8 million paid at closing, the estimated fair value of contingent consideration as of the acquisition date of $6 million and $1 million being withheld by the Company for one year following the closing of the acquisition as security for potential claims against the seller. The estimated amount of contingent consideration increased by $1 million to $7 million as of March 31, 2017. The purchase price was allocated to assets acquired and liabilities assumed as follows: $9 million to current assets, $1 million to noncurrent assets, $9 million to intangible assets other than goodwill, $8 million to current liabilities, $5 million to long-term liabilities and $9 million to goodwill. The goodwill was associated with the Company's GBS segment and is not tax deductible. The amortizable lives associated with the intangible assets acquired includes customer relationships which have a ten-year estimated useful life. Transaction costs associated with the acquisition were less than $1 million and were included within selling, general and administrative expenses in the consolidated statements of operations. For fiscal 2017, Aspediens contributed revenues and income from continuing operations that were immaterial to the Company's overall results.

Xchanging Acquisition

On December 29, 2015, CSC invested in Xchanging plc ("Xchanging"), a provider of technology-enabled business solutions to organizations in global insurance and financial services, healthcare, manufacturing, real estate and the public sector. Xchanging was listed on the London Stock Exchange under the symbol “XCH.” CSC purchased 24,636,553 shares of common stock of Xchanging for a purchase price of $2.83 per share for a total initial investment of approximately $70 million. The investment represented a 9.99% non-controlling equity interest in the outstanding shares of Xchanging.

On May 5, 2016, CSC acquired the remaining shares of Xchanging for a purchase price of $2.76 per share, or approximately $623 million, resulting in total cash consideration paid to and on behalf of the Xchanging shareholders of $693 million (or $492 million net of cash acquired) in the aggregate, which was funded from existing cash balances and borrowings under CSC's credit facility. Subsequent to the acquisition, the Company repaid the $254 million of acquired debt. Transaction costs associated with the acquisition of $17 million were included within selling, general and administrative expenses in the Company's consolidated statements of operations. The acquisition expanded CSC's market coverage in the global insurance industry and enabled the Company to offer access to a broader, partner-enriched portfolio of services including property and casualty insurance and wealth management business processing services.

The Company recognized a net decrease of $44 million from measurement period adjustments, primarily related to deferred tax assets and liabilities, during the fourth quarter of fiscal 2017, which increased goodwill. The adjustments were the result of additional information obtained since December 30, 2016 that related to facts and circumstances that existed at the acquisition date.

The allocation of the purchase price to the assets acquired and liabilities assumed is presented below:

(in millions)	Estimated Fair Value
Cash and cash equivalents	$ 201
Accounts receivable and other current assets	195
Intangible assets - developed technology	97
Intangible assets - customer relationships	457
Intangible assets - trade names	10
Intangible assets - other	18
Deferred tax asset, long-term	68
Property and equipment and other noncurrent assets	31
Accounts payable, accrued payroll, accrued expenses and other current liabilities	(215)
Deferred revenue and advance contract payments	(52)
Debt	(254)
Deferred tax liability, long-term	(140)
Other long-term liabilities	(122)
Total identifiable net assets acquired	294
Goodwill	680
Noncontrolling interest	(281)
Total estimated consideration	$ 693

The amortizable lives associated with the intangible assets acquired are as follows:

Description	**Estimated Useful Lives (Years)**
Developed technology	7-8
Customer relationships	15
Trade names	3-5

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed when Xchanging was acquired. The goodwill recognized with the acquisition was attributable to the intellectual capital, the acquired assembled workforce and expected cost synergies, none of which qualify for recognition as a separate intangible asset. The goodwill arising from the acquisition was allocated to the Company's reportable segments based on the relative fair value of the expected incremental cash flows as $646 million to GBS segment and $34 million to Global Infrastructure Services ("GIS") segment. The goodwill associated with this acquisition was not deductible for tax purposes. For fiscal 2017, Xchanging contributed revenues of approximately $462 million and income from continuing operations of approximately $17 million to CSC's consolidated results.

Fiscal 2016 Acquisitions

UXC Acquisition

On February 26, 2016, CSC acquired all outstanding capital stock of UXC Limited ("UXC"), a publicly owned IT services company which is a leading provider of enterprise application capabilities, consulting, applications management, professional services, connect infrastructure and health services in Australia. UXC was acquired for total purchase consideration of $289 million (net of cash acquired of $13 million), which was funded from existing cash balances. The acquisition continued the rebalancing of CSC's offering portfolio, strengthening it’s next-generation delivery model, and expanding its client base around the world. Transaction costs associated with the acquisition of $7 million were recorded as selling, general and administrative expenses. The purchase price was allocated to assets acquired and liabilities assumed as follows: $125 million to current assets, $37 million to noncurrent assets, $91 million to intangible assets other than goodwill, $153 million to current liabilities, $50 million to long-term liabilities and $252 million to goodwill. The amortizable lives associated with the intangible assets acquired includes customer relationships, which have an estimated useful life of ten years, and software and trade names, both of which have indefinite lives. The goodwill arising from the acquisition was allocated to both of the Company's reportable segments and was not deductible for tax purposes.

Axon Acquisition

On December 11, 2015, CSC acquired all of the outstanding capital stock of Axon Puerto Rico, Inc., a provider of enterprise application and infrastructure managed services to aerospace and defense, and other commercial industries, for cash consideration of $29 million (net of cash acquired of $5 million), which was funded from existing cash balances. The acquisition further advanced CSC’s position as a leader in providing cost effective, highly-secure IT managed services to firms worldwide, strengthened CSC’s next-generation delivery model and expanded its network of regional delivery centers.

Fixnetix Acquisition

On September 24, 2015, CSC acquired all of the outstanding capital stock of Fixnetix, Limited, a privately held provider of front-office managed trading solutions for capital markets, for total purchase consideration of $112 million. The purchase consideration included cash of $88 million (net of $1 million of cash acquired) paid at closing, the estimated fair value of contingent consideration as of the acquisition date of $21 million, and $2 million of adjustments to the acquisition final net working capital in the fourth quarter of fiscal 2016. The fair value measurement of remaining contingent consideration as of March 31, 2017 was zero.

Fruition Acquisition

On September 17, 2015, CSC acquired all of the outstanding capital stock of Fruition Partners, a privately held provider of technology-enabled solutions for the service management sector for cash consideration of $148 million (net of cash acquired of $2 million) funded from existing cash balances. The acquisition bolstered CSC's ability to offer enterprise and emerging clients an expanded range of cloud-based service-management solutions to improve their business through organizational efficiency and lower operating costs.

Pro forma financial information for the Company's fiscal 2016 acquisitions have not been presented since the acquisitions were neither individually, nor in the aggregate, material to CSC's consolidated results.

Fiscal 2015 Acquisitions

During fiscal 2015, CSC acquired two companies for total cash consideration of $49 million in its former NPS segment which was spun-off in the Separation.

Note 3 - Divestitures

The Company had no material divestitures during fiscal 2017. As a result of the Separation, the Company divested its NPS segment during fiscal 2016. In addition, during fiscal 2015, the Company divested non-core businesses as a part of its service portfolio optimization initiative to focus on next-generation technology services.

Implementation of the Separation and CSC's post-Separation relationship with CSRA is governed by several agreements, including a master separation and distribution agreement and intellectual property ("IP"), real estate, tax, non-U.S. agency and employee matters agreements. CSC and CSRA are also party to computer hardware lease agreements, which originated prior to the Separation, and expire at various dates through fiscal 2021. Pursuant to the IP matters agreement, CSC granted CSRA perpetual, royalty-free, non-assignable licenses to certain software products, trademarks and workflow and design methodologies for an annual net maintenance fee of $30 million per year for each of the five years following the Separation in exchange for maintenance services. The IP matters agreement was amended in February 2017, pursuant to which CSC assigned to CSRA the IP rights CSRA had previously licensed. In exchange, CSRA paid CSC $65 million and was released from the obligation to pay the annual net maintenance fee. CSC will no longer provide services to CSRA under the IP matters agreement. During fiscal 2017 and 2016, CSC recognized total revenues of $125 million and $35 million, respectively, for services rendered to CSRA under the IP matters agreement and various commercial agreements. Included in fiscal 2017 revenues was $20 million of revenues under the IP matters agreement which was recorded as deferred revenue and advance contract payments during fiscal 2016.

J. Michael Lawrie, Chairman, President and CEO of CSC, also served as Chairman of the Board of Directors of CSRA from November 27, 2015 until August 9, 2016. During his term on the CSRA Board, CSRA was considered a related party. See Note 5 - "Receivables" for related party accounts receivable balances. The payment terms for related party receivables were net 30 days. The CSRA related party accounts payable balance for fiscal 2016 of $8 million was recorded as accrued expenses and other current liabilities. This balance was primarily related to $7 million for settlement of share-based compensation awards.

The real estate matters agreement with CSRA governs the respective rights and responsibilities between CSC and CSRA for real property, including the allocation of space within shared facilities and transfer of ownership of certain real property. Under the Non-U.S. Agency Agreement, CSRA appointed CSC as its exclusive agent outside the U.S. with regard to certain non-U.S. customers, subject to some exceptions, for a period of five years after the distribution. The employee matters agreement with CSRA addressed employment, compensation and benefits matters including the allocation and treatment of liabilities and responsibilities relating to employee compensation and benefit plans and programs. Refer to Note 13 - "Retirement and Other Post-Retirement Benefit Plans" for additional information regarding pension and other benefit plans and Note 15 - "Stock Incentive Plans" for additional information regarding stock incentive plans.

The tax matters agreement with CSRA governs the respective rights, responsibilities and obligations of CSC and CSRA after the Separation with respect to all tax matters and includes restrictions designed to preserve the tax-free status of the distribution. Generally, as a matter of federal law, CSRA continues to have joint and several liability to the IRS for the full amount of the consolidated U.S. federal income taxes of the consolidated group relating to the taxable periods in which CSRA is part of that group. CSC has indemnified CSRA for such joint and several liability. CSRA will be responsible for income tax liabilities for separately filed income tax returns for CSRA entities for taxable periods ending on, before, or after the Separation. CSC and CSRA will generally be responsible for all taxes for periods after the Separation of their respective businesses and have given cross indemnities to that effect. Additionally, CSC and CSRA are responsible for liabilities for non-income taxes related to their respective businesses before the Separation regardless of whether CSC or a CSRA entity filed the returns. The obligations set forth under the tax matters agreement continue until the longer of final settlement or expiration of applicable statutes of limitations.

The following is a summary of the operating results of NPS which were reclassified as discontinued operations:

	Fiscal Years Ended	
(in millions)	April 1, 2016[1]	April 3, 2015
Revenues	$ 2,504	$ 4,056
Costs of services	1,935	3,375
Selling, general and administrative	52	120
Depreciation and amortization	90	137
Restructuring costs	1	5
Separation and merger costs	103	—
Interest expense	15	22
Other (income) expense, net	(21)	2
Income from discontinued operations before income taxes	329	395
Income tax expense	(138)	(142)
Income from discontinued operations, net of tax	$ 191	$ 253

[1] *Results for fiscal 2016 only reflect operating results through the Separation date of November 27, 2015, not the full twelve-month period as shown for fiscal 2015.*

During the fiscal year ended April 1, 2016 the Company incurred $122 million of costs in connection with the Separation, primarily related to professional fees associated with preparation of regulatory filings and separation activities within finance, tax, legal and information system functions. Income from discontinued operations, net of taxes includes $103 million of these costs, and the remaining amount of $19 million was included within loss from continuing operations.

As a result of the Separation, no gain or loss on disposition was recognized; however, discontinued operations included the results of the fiscal 2016 sale of Welkin Associates Limited, a wholly owned subsidiary in the NPS segment to a strategic investor for consideration of $34 million on which a gain of $22 million was realized. At the time of disposition, the Welkin divestiture did not qualify to be presented as discontinued operations since it did not represent a strategic shift that would have a major effect on CSC's operations or financial results.

The following is a summary of the assets and liabilities distributed as part of the Separation:

(in millions)		As of November 27, 2015
Assets:		
Cash and cash equivalents	$	1,440
Receivables, net		470
Property and equipment, net		472
Goodwill, net		826
Other assets		307
Total assets	$	3,515
Liabilities:		
Accounts payable	$	45
Accrued expenses and other current liabilities		409
Debt		1,702
Other long-term liabilities		692
Total liabilities	$	2,848
Net assets distributed	$	667

Approximately $31 million of accumulated other comprehensive loss, net of tax and $30 million of noncontrolling interest in subsidiaries were distributed to CSRA. In the fourth quarter of fiscal 2016, the Company recorded additional adjustments for the NPS disposition to retained earnings of $13 million.

The following selected financial information of NPS was included in the consolidated statements of cash flows:

	Fiscal Years Ended			
(in millions)	April 1, 2016[1]		April 3, 2015	
Depreciation	$	75	$	114
Amortization	$	15	$	23
Capital expenditures	$	(75)	$	(75)
Significant operating non-cash items:				
Net gain on disposition of business	$	22	$	(3)
Significant investing non-cash items:				
Capital expenditures through capital lease obligations	$	—	$	(10)
Capital expenditures in accounts payable	$	(7)	$	(14)
Disposition of assets	$	(8)	$	1

[1] *Selected financial information for the fiscal year ended April 1, 2016 reflects cash flows through the Separation date of November 27, 2015, not the full twelve-month period as shown for fiscal 2015.*

During fiscal 2015, CSC completed the sale of a German software non-core business to a strategic investor for cash consideration of $3 million. This divestiture was included in the GBS segment's healthcare group. The divested assets and liabilities included: current assets of $54 million (including $21 million of cash), noncurrent assets of $25 million, current liabilities of $33 million and noncurrent liabilities of $23 million. Included in net income from discontinued operations, net of tax of $224 million, was a $29 million net loss related to this disposition. This included an $18 million loss on disposition, net of taxes.

Note 4 - Earnings Per Share

Basic EPS are computed using the weighted average number of common shares outstanding during the period. Diluted EPS reflect 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:

	Fiscal Years Ended		
(in millions, except per-share amounts)	March 31, 2017	April 1, 2016 [1]	April 3, 2015
Net (loss) income attributable to CSC common shareholders:			
From continuing operations	$ (123)	$ 71	$ (207)
From discontinued operations	—	180	209
	$ (123)	$ 251	$ 2
Common share information:			
Weighted average common shares outstanding for basic EPS	140.39	138.28	142.56
Dilutive effect of stock options and equity awards	—	3.05	—
Weighted average common shares outstanding for diluted EPS	140.39	141.33	142.56
EPS:			
Basic			
Continuing operations	$ (0.88)	$ 0.51	$ (1.45)
Discontinued operations	—	1.31	1.46
Total	$ (0.88)	$ 1.82	$ 0.01
Diluted			
Continuing operations	$ (0.88)	$ 0.50	$ (1.45)
Discontinued operations	—	1.28	1.46
Total	$ (0.88)	$ 1.78	$ 0.01

[1] *The Company adopted ASU 2016-09 during the fourth quarter of fiscal 2016 on a modified retrospective basis as of the beginning of the fiscal year.*

Stock options and RSUs were excluded from the computation of dilutive EPS because inclusion of these amounts would have had an anti-dilutive effect. Due to the Company's net loss during fiscal 2017, PSUs were also excluded from the calculation because they would have had an anti-dilutive effect. The number of options and shares excluded were as follows:

	Fiscal Years Ended		
	March 31, 2017	April 1, 2016	April 3, 2015
Stock Options	3,317,041	2,064,951	7,686,587
RSUs	845,315	201,581	2,062,625
PSUs	1,540,152	—	1,749,055

During fiscal 2015, the Company entered into an accelerated share repurchase ("ASR") arrangement (see Note 14 - "Stockholders' Equity") and excluded 173,779 shares because their effect would have been anti-dilutive. The Company did not enter into any ASR arrangements during fiscal 2017 or 2016.

Note 5 - Receivables

Receivables, net of allowance for doubtful accounts consist of the following:

	As of	
(in millions)	March 31, 2017	April 1, 2016
Billed trade receivables	$ 732	$ 1,061
Unbilled recoverable amounts under contracts in progress	402	595
Related party receivables	—	45
Other receivables	509	130
Total	$ 1,643	$ 1,831

The following table summarizes activity for allowance for doubtful accounts:

	As of and for Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Beginning balance	$ 31	$ 26	$ 32
Additions charged to costs and expenses	10	6	2
Deductions[1]	(13)	(3)	(4)
Other[2]	(2)	2	(4)
Ending balance	$ 26	$ 31	$ 26

[1] *Represents write-offs and recoveries of prior year charges.*
[2] *Includes balances from acquisitions, changes in foreign currency exchange rates and the impact of the AR securitization facility.*

Sale of Receivables

Receivables Securitization Facility

On December 21, 2016, the Company established a $250 million accounts receivable securitization facility (the "Receivables Facility") with certain unaffiliated financial institutions (the "Purchasers"). Under the Receivables Facility, the Company and certain of its subsidiaries sell billed and unbilled accounts receivable to CSC Receivables, LLC ("CSC Receivables"), a wholly owned bankruptcy-remote entity. CSC Receivables in turn sells such purchased accounts receivable in their entirety to the Purchasers pursuant to a receivables purchase agreement. Sales of receivables by CSC Receivables occur continuously and are settled on a monthly basis. The proceeds from the sale of these receivables comprise a combination of cash and a deferred purchase price receivable ("DPP"). The DPP is realized by the Company upon the ultimate collection of the underlying receivables sold to the Purchasers. 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 March 31, 2017, the total availability under the Receivables Facility was approximately $217 million. The Receivables Facility terminates on December 20, 2017, but may be extended. The Company uses the proceeds from receivables sales under the Receivables Facility for general corporate purposes.

The Company has no retained interests in the transferred receivables, other than collection and administrative services and its right to the DPP. The DPP is included in receivables, net of allowance for doubtful accounts on the consolidated balance sheets. The fair value of the sold receivables approximated their book value due to their short-term nature, and as a result no gain or loss on sale of receivables was recorded. In exchange for the sale of accounts receivable as of March 31, 2017, the Company received cash of $223 million and recorded a DPP. The DPP, which fluctuates over time based on the total amount of eligible receivables generated during the normal course of business, was $252 million as of March 31, 2017. Additionally, as of March 31, 2017, the Company recorded a $6 million liability within accounts payable because the amount of cash proceeds received by the Company under the Receivables Facility exceeded the maximum funding limit.

The Company's risk of loss following the transfer of accounts receivable under the Receivables Facility is limited to the DPP outstanding and any short-falls in collections for specified non-credit related reasons after sale. Payment of the DPP is not subject to significant risks other than delinquencies and credit losses on accounts receivable sold under the Receivables Facility.

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

(in millions)	As of and for the Fiscal Year Ended March 31, 2017
Beginning balance	$ —
Transfers of receivables	1,195
Collections	(943)
Ending balance	$ 252

Receivables Sales Facility

On April 21, 2015, CSC entered into a Master Accounts Receivable Purchase Agreement with several participants, for the continuous non-recourse sale of up to $450 million of eligible trade receivables related to its former NPS segment (the "Receivables Sales Facility"). The Company used the proceeds from receivable sales under the Receivables Sales Facility for general corporate purposes. On November 27, 2015, in connection with the Separation (see Note 3 - "Divestitures"), CSC ceased such receivables sales. During fiscal 2016, CSC sold $1.7 billion of billed and unbilled receivables, of which $1.5 billion was collected prior to the Separation. CSC incurred purchase discount and administrative fees of $1 million which were recorded, net of servicing income, within income from discontinued operations, net of taxes in the consolidated statements of operations. The Company estimated that its servicing fee was at fair value and therefore, no servicing asset or liability related to these services was recognized.

Note 6 - Fair Value

Fair value measurements on a recurring basis

The following table presents the Company’s assets and liabilities, excluding pension assets (see Note 13 - "Retirement and Other Post-Retirement Benefit Plans") and derivative assets and liabilities (see Note 7 - "Derivative Instruments"), that are measured at fair value on a recurring basis. There were no transfers between any of the levels during the periods presented.

		Fair Value Hierarchy		
(in millions)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:		**March 31, 2017**		
Money market funds and money market deposit accounts	$ 406	$ 406	$ —	$ —
Deferred purchase price receivable	252	—	—	252
Total assets	$ 658	$ 406	$ —	$ 252
Liabilities:				
Contingent consideration	$ 7	$ —	$ —	$ 7
Total liabilities	$ 7	$ —	$ —	$ 7
		April 1, 2016		
Assets:				
Money market funds and money market deposit accounts	$ 348	$ 348	$ —	$ —
Time deposits	1	1	—	—
Available for sale equity investments	66	66		
Total assets	$ 415	$ 415	$ —	$ —

The fair value of money market funds and money market deposit accounts, reported as cash and cash equivalents, are based on quoted market prices. Fair value of the DPP, included in receivables, net, is 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, presented in other liabilities, is based on contractually defined targets of financial performance and other considerations. The fair value of available for sale equity investments are based on quoted market prices and included in prepaid expenses and other current assets.

Other fair value disclosures

The carrying amounts of the Company’s financial instruments with short-term maturities are deemed to approximate their market values. The Company estimates the fair value of its long-term debt primarily using an expected present value technique, using interest rates offered to the Company for instruments with similar terms and remaining maturities. The estimated fair values of the Company's long-term debt, excluding capital leases, was $2.2 billion and $1.8 billion as of March 31, 2017 and April 1, 2016, respectively. If measured at fair value, long-term debt would be classified in Level 2.

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 an impairment charge is recognized. The fair value measurements, in such instances, would be classified in Level 3. There were no significant impairments recorded during the fiscal years ended March 31, 2017 and April 1, 2016.

With respect to its foreign currency derivatives, as of March 31, 2017, 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 $29 million.

The primary financial instruments other than derivatives that could subject the Company to concentrations of credit risk are accounts receivable. The Company periodically reviews its accounts receivable and records provisions for doubtful accounts as needed. The Company's customer base includes Fortune 500 companies and other significant, well-known companies operating in North America, Europe and the Pacific Rim. Credit risk with respect to accounts receivable is minimized because of the nature and diversification of the Company's customer base. The Company's credit risk could be affected by customers in bankruptcy proceedings; however, because most of these proceedings involve business reorganizations rather than liquidations and the nature of the Company's services are often considered essential to the operational continuity of these customers, the Company is generally able to avoid or mitigate significant adverse financial impact in these cases.

Note 7 - Derivative Instruments

The following table presents the fair values of derivative instruments included in the consolidated balance sheets:

	Derivative Assets		
		As of	
(in millions)	**Balance Sheet Line Item**	**March 31, 2017**	**April 1, 2016**
Derivatives designated for hedge accounting:			
Interest rate swaps	Other assets	$ 5	$ —
Foreign currency forward contracts	Prepaid expenses and other current assets	27	3
Total fair value of derivatives designated for hedge accounting		$ 32	$ 3
Derivatives not designated for hedge accounting:			
Foreign currency forward contracts	Prepaid expenses and other current assets	$ 15	$ 12
Total fair value of derivatives not designated for hedge accounting		$ 15	$ 12

	Derivative Liabilities		
		As of	
(in millions)	**Balance Sheet Line Item**	**March 31, 2017**	**April 1, 2016**
Derivatives designated for hedge accounting:			
Interest rate swaps	Other long-term liabilities	$ 1	$ —
Foreign currency forward contracts	Accrued expenses and other current liabilities	—	4
Total fair value of derivatives designated for hedge accounting:		$ 1	$ 4
Derivatives not designated for hedge accounting:			
Foreign currency forward contracts	Accrued expenses and other current liabilities	$ 12	$ 7
Total fair value of derivatives not designated for hedge accounting		$ 12	$ 7

Derivative instruments include foreign currency forward contracts and interest rate swap contracts. 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. The fair value of interest rate swaps is estimated based on valuation models that use interest rate yield curves as Level 2 inputs.

Derivatives designated for hedge accounting

Fair value hedges

During fiscal 2016, the Company terminated certain interest rate swaps related to the Company's 4.45% term notes, due 2022, which had aggregate notional values of $275 million and fair values of $23 million and derecognized the related derivative asset. The total hedge gain of $23 million for the termination of interest rate swaps during fiscal 2016 will be amortized into interest income over the remaining life of the debt, which is through September 2022. As of March 31, 2017, and April 1, 2016 the Company had no fair value hedges.

The following table presents the pre-tax gain (loss) related to the fair value hedges and the related hedged items, for fiscal 2017 and 2016, respectively:

	Derivative Instrument			Hedged Item		
(in millions)	Statements of Operations Line Item	Gain for the Fiscal Years Ended		Balance Sheet Line Item	(Loss) for the Fiscal Years Ended	
		March 31, 2017	April 1, 2016		March 31, 2017	April 1, 2016
Interest rate swaps	Other Income	$ —	$ 5	Long-term debt, net	$ —	$ (5)

Cash flow hedges

As of March 31, 2017, the Company had a series of interest rate swap agreements with a total notional amount of $607 million. These instruments were designated as cash flow hedges of the variability of cash outflows for interest payments on certain floating interest rate debt, which effectively converted the debt into fixed interest rate debt. As of March 31, 2017, the Company terminated certain interest rate swap agreements which had aggregate notional values of $18 million and fair values of less than $1 million and derecognized the related derivative liability. The total hedge loss of less than $1 million was recognized as interest expense in the consolidated statements of operations.

As of March 31, 2017, the Company performed both retrospective and prospective hedge effectiveness analysis for the interest rate swaps designated as cash flow hedges. The Company applied the long-haul method outlined in ASC 815 “Derivatives and Hedging", to assess retrospective and prospective effectiveness of the interest rate swaps. A quantitative effectiveness analysis assessment of the hedging relationship was performed using regression analysis. As of March 31, 2017, the Company has determined that the hedging relationship was highly effective

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce risks related to certain Indian Rupee denominated intercompany obligations and forecasted transactions. The notional amount of foreign currency forward contracts designated as cash flow hedges as of March 31, 2017 and April 1, 2016 was $486 million and $496 million, respectively, and the related forecasted transactions extend through March 2018.

For the fiscal years ended March 31, 2017 and April 1, 2016, 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; therefore, there is no ineffectiveness to be recorded and all changes in the hedging instruments’ fair value are recorded in AOCI and subsequently reclassified into earnings in the period during which the hedged transactions are recognized in earnings. The Company performs an assessment of critical terms on an on-going basis throughout the hedging period.

During the fiscal years ended March 31, 2017 and April 1, 2016, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur. As of March 31, 2017, $8 million of the existing amount of losses related to the cash flow hedge reported in AOCI is expected to be reclassified into earnings within the next 12 months.

The table below presents the pre-tax gains (losses) associated with the cash flow hedges, recognized in AOCI:

(in millions)	Gain (Loss) Recognized in AOCI (Effective Portion) for the Fiscal Years Ended	Gain (Loss) Reclassified into Cost of Services from AOCI (Effective Portion) for the Fiscal Years Ended	Gain (Loss) Recognized in Other Income (Expense) (Ineffective Portion) for the Fiscal Years Ended
		March 31, 2017	
Foreign currency forward contracts	$ (28)	$ —	$ —
Interest rate swaps	$ (5)	$ —	$ —
		April 1, 2016	
Foreign currency forward contracts	$ 1	$ —	$ —

Derivatives not designated for hedge accounting

Total return swaps

The Company manages the exposure to market volatility of the notional investments underlying its deferred compensation obligations by using total return swaps derivative contracts ("TRS"). For accounting purposes, these TRS are not designated as hedges, as defined under ASC 815 and all changes in their fair value and changes in the associated deferred compensation liabilities are recorded in costs of services and selling, general and administrative expenses in the Company's consolidated statements of operations. The TRS are reset monthly and are marked-to-market on the last day of each fiscal month.

Foreign currency derivatives

The Company manages the exposure to fluctuations in foreign currencies by using short-term foreign currency forward contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. For accounting purposes, these foreign currency forward contracts are not designated as hedges, as defined under ASC 815 and all changes in their fair value are reported in current period earnings within other income (expense), net of the Company's consolidated statements of operations.

The notional amount of the foreign currency forward contracts outstanding as of March 31, 2017 and April 1, 2016 was $2.9 billion and $2.2 billion, respectively.

The following table presents the pretax amounts impacting income related to derivatives not designated for hedge accounting:

		Fiscal Years Ended		
(in millions)	Statement of Operations Line Item	March 31, 2017	April 1, 2016	April 3, 2015
Total return swaps	Cost of services and Selling, general & administrative	$ 2	$ —	$ (8)
Foreign currency forwards	Other (income) expense, net	(84)	19	9
Total		$ (82)	$ 19	$ 1

Other risks

The Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. The Company also enters into enforceable master netting arrangements with some of its counterparties. However, for financial reporting purposes, it is Company policy not to offset derivative assets and liabilities despite the existence of enforceable master netting arrangements with some of its counterparties. The following table provides information about the potential effect of such netting arrangements on the Company's derivative instruments:

	Fair Value as of			
	March 31, 2017		April 1, 2016	
(in millions)	Assets	Liabilities	Assets	Liabilities
Gross amount of derivative instruments recognized in consolidated balance sheets	$ 47	$ 13	$ 15	$ 11
Gross amounts not offset in the consolidated balance sheets [1]	1	2	3	1
Net amount	$ 46	$ 11	$ 12	$ 10

[1] These amounts represent the fair value of derivative instruments subject to enforceable master netting arrangements that the Company has elected to not offset. The Company's derivative contracts do not require it to hold or post financial collateral.

Note 8 - Property and Equipment

Property and equipment consisted of the following:

	As of	
(in millions)	March 31, 2017	April 1, 2016
Property and equipment — gross:		
Land, buildings and leasehold improvements	$ 873	$ 921
Computers and related equipment	2,695	2,794
Furniture and other equipment	141	197
Construction in progress	10	7
	3,719	3,919
Less: accumulated depreciation and amortization	2,816	2,894
Property and equipment, net	$ 903	$ 1,025

Depreciation expense for fiscal 2017, 2016 and 2015 was $338 million, $383 million and $493 million, respectively.

Note 9 - Intangible Assets

	As of March 31, 2017		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	$ 2,347	$ 1,554	$ 793
Outsourcing contract costs	793	475	318
Customer and other intangible assets	947	264	683
Total intangible assets	$ 4,087	$ 2,293	$ 1,794

	As of April 1, 2016		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	$ 2,243	$ 1,531	$ 712
Outsourcing contract costs	828	494	334
Customer and other intangible assets	485	203	282
Total intangible assets	$ 3,556	$ 2,228	$ 1,328

Total intangible assets amortization was $320 million, $286 million and $374 million for fiscal 2017, 2016 and 2015, respectively. Total intangible assets amortization included amortization of outsourcing contract cost premiums recorded as reductions of revenues of $11 million, $11 million and $27 million for fiscal 2017, 2016 and 2015, respectively. The change in net carrying value from fiscal 2016 to 2017 included foreign currency translation loss of $92 million.

Estimated future amortization related to intangible assets as of March 31, 2017 is as follows:

Fiscal Year	(in millions)
2018	$ 320
2019	$ 295
2020	$ 264
2021	$ 220
2022	$ 178

During fiscal 2016 and 2015, CSC sold certain intangible assets with net book value of zero to a third party and recorded a gain on sale of $31 million and $53 million, respectively, as a reduction to GIS segment cost of services. There were no similar sales of intangible assets to a third party during fiscal 2017.

Purchased and internally developed software, net of accumulated amortization, consisted of the following:

(in millions)	March 31, 2017	April 1, 2016
Purchased software	$ 223	$ 206
Internally developed commercial software	341	352
Internally developed internal-use software	229	154
Total	$ 793	$ 712

Amortization expense related to purchased software and internally developed software, consisted of the following:

(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Purchased software	$ 82	$ 99	$ 129
Internally developed commercial software	58	56	61
Internally developed internal-use software	20	9	6
Total	$ 160	$ 164	$ 196

Note 10 - Goodwill

The following tables summarize the changes in the carrying amount of goodwill, by segment, for the years ended March 31, 2017 and April 1, 2016, respectively.

(in millions)	GBS	GIS	Total
Goodwill, gross	$ 1,615	$ 2,424	$ 4,039
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 1, 2016, net	914	363	1,277
Additions	655	34	689
Foreign currency translation	(99)	(12)	(111)
Goodwill, gross	2,171	2,446	4,617
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of March 31, 2017, net	$ 1,470	$ 385	$ 1,855

(in millions)	GBS	GIS	Total
Goodwill, gross	$ 1,340	$ 2,260	$ 3,600
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 3, 2015, net	639	199	838
Additions	285	161	446
Foreign currency translation	(10)	3	(7)
Goodwill, gross	1,615	2,424	4,039
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 1, 2016, net	$ 914	$ 363	$ 1,277

The fiscal 2017 and 2016 additions to goodwill were due to the acquisitions described in Note 2 - "Acquisitions". The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

Fiscal 2017

For the Company’s annual goodwill impairment assessment as of July 2, 2016, the Company chose to bypass the initial qualitative assessment and proceeded directly to the first step of the impairment test for all reporting units. Based on the results of the first step of the impairment test, the Company concluded that the fair value of each reporting unit exceeded its carrying value and therefore the second step of the goodwill impairment test was not required.

As of March 31, 2017, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below its carrying amount and require goodwill to be tested for impairment. The Company determined that there have been no such indicators and therefore, it was unnecessary to perform an interim goodwill impairment test as of March 31, 2017.

Fiscal 2016

For the Company’s annual goodwill impairment assessment as of July 4, 2015, the Company chose to bypass the initial qualitative assessment and proceeded directly to the first step of the impairment test for all reporting units. Based on the results of the first step of the impairment test, the Company concluded that the fair value of each reporting unit significantly exceeded its carrying value and therefore the second step of the goodwill impairment test was not required.

Fiscal 2015

As of the beginning of fiscal 2015, the Company reallocated goodwill among certain of its GBS reporting units due to 1) changes in the structure of segment management reporting; and 2) the availability of discrete financial information. Goodwill was reallocated using a relative fair value allocation approach. CSC performed a quantitative and qualitative goodwill impairment assessment for the reporting units and determined that there was no indication that goodwill was impaired for those reporting units as of the reallocation date.

For the Company's annual goodwill impairment assessment as of July 5, 2014, the Company assessed qualitative factors to determine whether events or circumstances existed that would lead the Company to conclude that it was more likely than not that the fair value of any of its reporting units was below their carrying amounts. The Company determined that, based on its qualitative assessment of such factors for all reporting units, no reporting units met the more-likely-than-not threshold. Accordingly, the Company did not perform further analysis.

Note 11 - Income Taxes

The sources of income (loss) from continuing operations, before income taxes, classified between domestic entities and those entities domiciled outside of the U.S., are as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Domestic entities	$ (157)	$ (222)	$ (761)
Entities outside the U.S.	(17)	232	90
Total	$ (174)	$ 10	$ (671)

The income tax (benefit) expense on income (loss) from continuing operations is comprised of:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Current:			
Federal	$ (32)	$ (79)	$ (123)
State	14	(22)	(43)
Foreign	36	59	94
	18	(42)	(72)
Deferred:			
Federal	(7)	(39)	(76)
State	(1)	48	(14)
Foreign	(84)	(29)	(302)
	(92)	(20)	(392)
Total income tax (benefit) expense	$ (74)	$ (62)	$ (464)

The current (benefit) expense for fiscal 2017, 2016 and 2015, includes interest and penalties of $(9) million, $(4) million and $1 million, respectively, for uncertain tax positions.

The major elements contributing to the difference between the U.S. federal statutory tax rate of 35% and the effective tax rate ("ETR") for continuing operations are as follows:

	Fiscal Years Ended		
	March 31, 2017	April 1, 2016	April 3, 2015
Statutory rate	(35.0)%	35.0 %	(35.0)%
State income tax, net of federal tax	(4.0)	(145.7)	(4.1)
Change in uncertain tax positions	(3.4)	(685.0)	(0.7)
Foreign tax rate differential	(41.1)	(377.4)	(52.4)
Capitalized transaction costs	12.1	22.3	—
Change in valuation allowances	34.3	743.6	13.4
Excess tax benefits for stock compensation	(11.3)	(230.0)	(0.1)
Prepaid tax asset amortization	7.1	78.8	(1.1)
Income Tax Credits	(2.0)	(58.0)	(0.8)
Other items, net	0.8	(3.6)	11.6
Effective tax rate	(42.5)%	(620.0)%	(69.2)%

In fiscal 2017, the ETR was primarily impacted by:

- A change in the valuation allowance that primarily consists of an aggregate income tax detriment for the increase in the valuation allowances on tax attributes in the U.S., Germany and Luxembourg, which decreased the overall income tax benefit and decreased the ETR by $135 million and 78%, respectively. Offset by an income tax benefit from the release of valuation allowances on tax attributes in Denmark, Japan and the U.K. which increased the overall income tax benefit and increased the ETR by $75 million and 43.0%, respectively.
- An income tax detriment for transaction costs incurred that are not deductible for tax purposes, which resulted in a decrease to the overall tax benefit and decreased the ETR by $21 million and 12.1%, respectively.
- An income tax benefit from excess tax benefits realized from employee share-based payment awards, which resulted in an increase in the overall income tax benefit and increased the ETR by $20 million and 11.3%, respectively.

In fiscal 2016, the ETR was primarily impacted by:

- The early adoption of ASU 2016-09 “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” resulted in a tax benefit from the excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- Local losses on investments in Luxembourg (i) increased the valuation allowance and the ETR by $47 million and 470%, respectively, and (ii) decreased the foreign rate differential and ETR by $47 million and by 470%, respectively.
- An increase in the overall valuation allowance primarily due to the divestiture of the Company's former NPS business division, which resulted in an increase in the valuation allowances related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the overall income tax benefit by $58 million and the ETR by 580%.
- The Company recognized adjustments to uncertain tax positions in the U.S. that increased the overall income tax benefit by $24 million and the ETR by 240%, respectively.

In fiscal 2015, the ETR was primarily impacted by:

- The impact of the non-deductible SEC settlement of $190 million, which decreased the income tax benefit and the ETR by $73 million and 10.9%, respectively.
- Local losses on investments in Luxembourg increased the foreign rate differential and increased the ETR by $325 million and 48.4%, respectively, with an offsetting decrease in the ETR due to an increase in the valuation allowance of the same amount.
- Changes in valuation allowances in certain jurisdictions, including a valuation allowance release in the U.K. The total impact of the valuation allowance release increased the income tax benefit and the ETR by $235 million and 35.0%, respectively. There was a net decrease in valuation allowances in fiscal 2015.

The deferred tax assets (liabilities) were as follows:

	As of	
(in millions)	March 31, 2017	April 1, 2016
Deferred tax assets		
Employee benefits	$ 172	$ 153
Tax loss/credit carryforwards	1,307	1,158
Accrued interest	16	20
Contract accounting	89	110
Other assets	83	56
Total deferred tax assets	1,667	1,497
Valuation allowance	(1,094)	(1,036)
Net deferred tax assets	573	461
Deferred tax liabilities		
Depreciation and amortization	(282)	(183)
Investment basis differences	(103)	(91)
Other liabilities	(45)	(23)
Total deferred tax liabilities	(430)	(297)
Total net deferred tax assets	$ 143	$ 164

Income tax related assets are included in the accompanying consolidated balance sheets were as follows:

	As of	
(in millions)	March 31, 2017	April 1, 2016
Current:		
Income tax receivables	$ 146	$ 60
	$ 146	$ 60
Non-current:		
Income taxes receivable and prepaid taxes	$ 50	$ 81
Deferred tax assets	381	345
	$ 431	$ 426
Total	$ 577	$ 486

Income tax related liabilities are included in the accompanying balance sheet as follows:

	As of	
(in millions)	March 31, 2017	April 1, 2016
Current:		
Liability for uncertain tax positions	$ (17)	$ (18)
Income taxes payable	(21)	(22)
	$ (38)	$ (40)
Non-current:		
Deferred tax liabilities	(238)	(181)
Liability for uncertain tax positions	(185)	(175)
	$ (423)	$ (356)
Total	$ (461)	$ (396)

Significant management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. A valuation allowance has been recorded against deferred tax assets of approximately $1.1 billion as of March 31, 2017 due to uncertainties related to the ability to utilize these assets. In assessing whether its deferred tax assets are realizable, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. In determining whether the deferred tax assets are realizable, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are evaluated as of the balance sheet date and will be subject to change in each future reporting period as a result of changes in various factors. The net increase in the valuation allowance of $58 million in fiscal 2017, is primarily due to restructuring costs in non-U.S. jurisdictions, local losses on investments in Luxembourg and the recording of additional valuation allowances on certain state income tax carry-forwards, reduced by the release of valuation allowances in non-U.S. jurisdictions. The release of valuation allowances in the non-U.S. jurisdictions is due to objectively verifiable positive evidence, improved earnings and three years of cumulative profits.

The following table provides information on the Company's various tax carryforwards:

	As of March 31, 2017				As of April 1, 2016			
(in millions)	Total	With No Expiration	With Expiration	Expiration Dates Through	Total	With No Expiration	With Expiration	Expiration Dates Through
Net operating loss carryforwards								
Federal	$ 65	$ —	$ 65	2037	$ 42	$ —	$ 42	2035
State	$ 911	$ —	$ 911	2037	$ 556	$ —	$ 556	2035
Foreign	$ 4,608	$ 4,537	$ 71	2036	$ 4,045	$ 3,986	$ 59	2028
Tax credit carryforwards								
Federal	$ 7	$ —	$ 7	2024	$ 7	$ —	$ 7	2024
State	$ 45	$ 10	$ 35	2026	$ 42	$ 10	$ 32	2026
Foreign	$ 10	$ —	$ 10	2020	$ —	$ —	$ —	N/A
Capital loss carryforwards								
Federal	$ —	$ —	$ —	N/A	$ —	$ —	$ —	N/A
State	$ 289	$ —	$ 289	2018	$ 258	$ —	$ 258	2018
Foreign	$ 235	$ 235	$ —	N/A	$ 73	$ 73	$ —	N/A

The Company is currently the beneficiary of tax holiday incentives in India, which expire in various fiscal years through 2026. As a result of the India tax holiday incentives, the Company recorded an income tax benefit of approximately $1 million, $2 million and $3 million, during fiscal 2017, 2016 and 2015, respectively. The per share effects were $0.01, $0.02 and $0.02, for fiscal 2017, 2016 and 2015, respectively.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in non-U.S. operations. As of March 31, 2017, the Company has not made a provision for U.S. income tax where the foreign investment of such earnings is essentially permanent in duration. Generally, such amounts would become subject to U.S. taxation upon the remittance of dividends to the U.S. and under certain other circumstances. As of March 31, 2017, the Company has not made a provision for foreign income tax where the accumulated earnings of certain foreign subsidiaries will be reinvested in other foreign operations. The cumulative undistributed positive taxable earnings of the Company's foreign subsidiaries were approximately $3.1 billion as of March 31, 2017. It is not practicable to estimate the tax cost of repatriating the cumulative undistributed taxable earnings of these foreign subsidiaries to the U.S.

In May 2013, the India Finance Act 2013 introduced a share buyback tax. Additional legislation was passed effective in May 2015 that increased the share buyback tax rate to 23.1% and increased the dividend distribution tax rate to 20.4%, among other changes. The Company uses the lower undistributed tax rate to measure deferred taxes on inside basis differences, including undistributed earnings, of our India operations as these earnings are permanently reinvested. If the Company changes its intent and distributes such earnings either in the form of a dividend or a share buyback, dividend distribution tax or share buyback tax will be incurred.

The Company accounts for income tax uncertainties in accordance with Income Taxes (ASC 740), which prescribes a recognition threshold and measurement criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the consolidated financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of liabilities for uncertain tax positions, interest and penalties.

In accordance with ASC 740, the Company's liability for uncertain tax positions was as follows:

	Fiscal Years Ended	
(in millions)	March 31, 2017	April 1, 2016
Tax	$ 192	$ 180
Interest	25	33
Penalties	11	11
Net of tax attributes	(26)	(31)
Total	$ 202	$ 193

The following table summarizes the activity related to the Company's uncertain tax positions (excluding interest and penalties and related tax attributes):

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Balance at beginning of fiscal year	$ 180	$ 304	$ 298
Gross increases related to prior year tax positions	14	21	45
Gross decreases related to prior year tax positions	(12)	(101)	(13)
Gross increases related to current year tax positions	10	7	12
Settlements and statute of limitation expirations	(7)	(48)	(27)
Acquisitions	6	3	—
Foreign exchange and others	1	(6)	(11)
Balance at end of fiscal year	$ 192	$ 180	$ 304

The Company's liability for uncertain tax positions at March 31, 2017, April 1, 2016 and April 3, 2015, includes $149 million, $122 million and $148 million, respectively, related to amounts that, if recognized, would affect the effective tax rate (excluding related interest and penalties).

The Company recognizes interest accrued related to uncertain tax positions and penalties as a component of income tax expense. The following table presents the change in interest and penalties from the previous reported period, as well as the liability at the end of each period presented:

	As of and for the Fiscal Years Ended		
	March 31, 2017	April 1, 2016	April 3, 2015
(in millions)	Increase (Decrease)		
Interest	$ (8)	$ (6)	$ 9
Interest, net of tax	$ (9)	$ (4)	$ 10
Accrued penalties	$ —	$ 2	$ (10)
Liability for interest	$ 25	$ 33	$ 39
Liability for interest, net of tax	$ 20	$ 29	$ 33
Liability for penalties	$ 11	$ 11	$ 9

The Company is currently under examination in several tax jurisdictions. A summary of the tax years that remain subject to examination in certain of the Company's major tax jurisdictions are:

Jurisdiction:	Tax Years that Remain Subject to Examination (Fiscal Year Ending):
United States – Federal	2008 and forward
United States – Various States	2008 and forward
Australia	2012 and forward
Canada	2010 and forward
Denmark	2010 and forward
France	2013 and forward
Germany	2010 and forward
India	1998 and forward
United Kingdom	2013 and forward

It is reasonably possible that during the next twelve months the Company's liability for uncertain tax positions may change by a significant amount. The IRS is examining the Company's federal income tax returns for fiscal 2008 through 2013. The Company entered into negotiations for a resolution of the fiscal 2008 through 2010 U.S. Federal audit through settlement with the IRS Office of Appeals. The IRS examined several issues for this audit that resulted in various audit adjustments. During the fourth quarter of fiscal 2016, the Company and the IRS reached an agreement in principle as to the settlement terms and the Company remeasured its uncertain tax positions. This audit cycle is now under review by the Joint Committee on Taxation. The Company has agreed to extend the statute of limitations associated with this audit through November 30, 2017.

As of March 31, 2017, we are undergoing an IRS audit for fiscal 2011 through 2013 Federal income tax returns. During the first quarter of 2018, we received a Revenue Agent's Report, which includes proposed adjustments to previously filed tax returns. We continue to believe that our tax positions are more-likely-than-not sustainable and that we will ultimately prevail.

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 as uncertain tax positions. 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 with the tax authorities for amounts lower than those that have been accrued or extinguish a position though payment. The Company believes the outcomes which are reasonably possible within the next twelve months may result in a reduction in liability for uncertain tax positions of $24 million to $54 million, excluding interest and penalties.

Note 12 - Debt

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

(in millions)	Interest Rates	Fiscal Year Maturities	March 31, 2017	April 1, 2016
Short-term debt and current maturities of long-term debt				
Euro-denominated commercial paper	(0.1)% - 0.2%[1]	2018	$ 646	$ 559
Current maturities of long-term debt	Various	2018	55	79
Current maturities of capitalized lease liabilities	1.1% - 7.2%	2018	37	72
Short-term debt and current maturities of long term debt			$ 738	$ 710
Long-term debt, net of current maturities				
GBP term loan	0.7%	2017	$ —	$ 71
GBP term loan	1.0% - 1.2%[2]	2019	233	284
USD term loan	1.7% - 2.0%[3]	2021	571	575
AUD term loan	2.9% - 3.0%[4]	2022	76	—
Senior notes	4.5%	2023	453	454
Revolving credit facility[5]	1.4% - 3.3%	2021 - 2022	678	395
Lease credit facility	1.4% - 1.9%	2020 - 2022	60	49
Capitalized lease liabilities	1.1% - 7.2%	2018 - 2022	104	141
Borrowings for assets acquired under long-term financing	1.7% - 4.8%	2018 - 2021	77	51
Mandatorily redeemable preferred stock outstanding	3.5%	2023	61	61
Other borrowings	0.5% -14.0%	2018 - 2023	4	4
Long-term debt			2,317	2,085
Less: current maturities of long-term debt			92	151
Long-term debt, net of current maturities			$ 2,225	$ 1,934

[1] *Approximate weighted average interest rate*

[2] *Three-month LIBOR rate plus 0.65%*

[3] *At CSC's option, the USD note bears interest at a variable rate equal to the adjusted LIBOR for a one, two, three, or six month interest period, plus a margin between 0.75% and 1.50% based on a pricing grid consistent with the Company's outstanding revolving credit facility or the greater of the prime rate, the federal funds rate plus 0.50%, or the adjusted LIBOR for a one-month interest period plus 1.00%, in each case plus a margin of up to 0.50%, based on a pricing grid consistent with the revolving credit facility.*

[4] *Variable interest rate equal to the bank bill swap bid rate for a one, two, three or six-month interest period plus 0.95% - 1.45% based on the published credit ratings of CSC.*

[5] *Classified as short-term if the Company intends to repay within 12 months and as long-term otherwise.*

European Commercial Paper Program

During fiscal 2017, CSC increased the maximum size of its existing European Commercial Paper Program ("ECP") from €500 million to €1 billion, or its equivalent in alternative currencies. The maturities of the ECP vary but may not exceed 364 days from the date of issue. The Company's revolving credit facility is available, subject to certain conditions, to repay borrowings under the ECP, if necessary. Borrowings may be issued at a discount, bear fixed or floating interest rates or a coupon calculated by reference to an index or formula.

Senior Notes and Term Loans

As of March 31, 2017, our outstanding debt included senior notes and unsecured term loans. Cash interest on the senior notes is payable semi-annually in arrears. Cash interest on the term loans is payable monthly or quarterly in arrears.

Generally, the Company's notes are redeemable at the Company's discretion at the then-applicable redemption prices plus accrued interest. The Company fully and unconditionally guaranteed notes issued by its 100% owned subsidiaries.

Revolving Credit Facility

During fiscal 2017, the Company entered into several amendments to its revolving credit facility agreement which increased commitments to $3.0 billion, extended the maturity dates of certain commitments and terminated the commitment of one lender. Of the total commitments, $70 million will mature during January 2021 and $2.9 billion will mature during January 2022. During fiscal 2017, CSC drew down $920 million on the revolving credit facility and repaid $535 million.

Lease Credit Facility

During fiscal 2016, the Company amended its existing master loan and security agreement (the "Lease Credit Facility") to reduce the aggregate commitment from $250 million to $150 million. The draw-down availability period of the Lease Credit Facility expires November 29, 2017, but may be extended by mutual agreement among the lenders and the Company. Once drawn, the funded amount converts into individual term notes of varying terms up to 60 months, depending upon the nature of the underlying equipment or software being financed.

Capital Lease and Financing Obligations

Capitalized lease liabilities represent obligations due under capital leases for the use of computers and other equipment. The gross amount of assets recorded under capital leases was $738 million with accumulated amortization of $598 million as of March 31, 2017, and $699 million with accumulated amortization of $563 million as of April 1, 2016. The future minimum lease payments required to be made under the capital leases as of March 31, 2017, are as follows:

Fiscal Year	(in millions)
2018	$ 37
2019	36
2020	23
2021	10
2022	1
Thereafter	—
Total minimum lease payments	107
Less: Amount representing interest and executory costs	(3)
Present value of net minimum lease payments	104
Less: Current maturities of capital lease obligations	(37)
Long-term capitalized lease liabilities	$ 67

Certain assets were acquired under long-term vendor financing agreements that mature over the next four years. Gross amounts of assets purchased under these borrowings included:

(in millions)	**March 31, 2017**	**April 1, 2016**
Property and equipment	$ 23	$ 50
Software	$ 99	$ 94
Outsourcing contract costs	$ 44	$ 44

Future Maturities of Long-Term Debt

Expected maturities of long-term debt, including borrowings for asset financing but excluding future minimum capital lease payments, for fiscal years subsequent to March 31, 2017, are as follows:

Fiscal Year	(in millions)
2018	$ 55
2019	307
2020	65
2021	542
2022	729
Thereafter	515
Total	$ 2,213

Note 13 - Retirement and Other Post-Retirement Benefit Plans

The Company offers a number of pension and OPEB plans, life insurance benefits, deferred compensation and other benefit plans. Most of CSC'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 has combined its U.S. pension, non-U.S. pension, OPEB and non-U.S. OPEB disclosures as the benefit obligations are not significant and the plans do not use significantly different assumptions, unless otherwise disclosed. After the Separation, the majority of U.S. pension and other benefit plans and nearly all of the plan assets associated with OPEB plans were transferred to CSRA and amended, resulting in a remeasurement. The Company recorded reductions in noncurrent assets of $3 million, current liabilities of $9 million, noncurrent liabilities of $473 million and accumulated other comprehensive income of $51 million. The remeasurement resulted in an actuarial gain of $21 million. See Note 3 - "Divestitures" for a further description of the Separation of NPS.

Eligible employees are enrolled in defined benefit pension plans in their country of domicile. The Contributory defined benefit pension plan in the U.K. represents the largest plan. In addition, healthcare, dental and life insurance benefits are also provided to certain non-U.S. employees. A significant number of employees outside the U.S. are covered by government sponsored programs at no direct cost to the Company other than related payroll taxes.

On December 31, 2015, a defined benefit pension plan in Switzerland was subject to interim remeasurement due to the significant amount of settlement payments from the plan. The interim remeasurement of the plan assets and liabilities resulted in an actuarial gain of $7 million using a discount rate of 0.81%, a decrease from 1.2% in prior fiscal year. As a result of the remeasurement, the plan's Projected Benefit Obligation ("PBO") decreased by $14 million and the funded status was 74%. The weighted-average expected long-term rate of return on plan assets, after remeasurement, was 4.15% which was consistent with fiscal 2016.

On December 31, 2014, a defined benefit pension plan in Switzerland was subject to interim remeasurement due to the significant amount of settlement payments from the plan. The interim remeasurement of the plan assets and liabilities resulted in an aggregate charge of $29 million, comprising actuarial losses of $26 million and a settlement loss of $3 million. A discount rate of 1.20% was used to remeasure the plans; a decrease from 2.10% in the prior fiscal year. As a result of the remeasurement, the plan's PBO decreased by $38 million and the funded status was 78%. The weighted-average expected long-term rate of return on plan assets, after remeasurement, was 3.60% which is consistent with the rate used at the beginning of fiscal 2015.

As additional contractual termination benefits for certain employees are part of the restructuring plans (see Note 19 - "Restructuring Costs"), the Company accrued $1 million, $6 million and $3 million, for fiscal 2017, 2016 and 2015, respectively. These amounts are reflected in the projected benefit obligation and in the net periodic pension cost.

Projected Benefit Obligations

(in millions)	March 31, 2017	April 1, 2016
Projected benefit obligation at beginning of year	$ 2,879	$ 3,061
Service cost	23	25
Interest cost	82	92
Plan participants’ contributions	3	4
Amendments	—	(3)
Business/contract acquisitions/divestitures	313	1
Contractual termination benefits	1	6
Settlement/curtailment	(13)	(14)
Actuarial loss (gain)	413	(92)
Benefits paid	(120)	(104)
Foreign currency exchange rate changes	(283)	(95)
Other	(1)	(2)
Projected benefit obligation at end of year	$ 3,297	$ 2,879

The following table summarizes the weighted average rates used in the determination of the Company’s benefit obligations:

	March 31, 2017	April 1, 2016
Discount rate	2.5%	3.1%
Rates of increase in compensation levels	2.2%	2.6%

Fair Value of Plan Assets and Funded Status

(in millions)	March 31, 2017	April 1, 2016
Fair value of plan assets at beginning of year	$ 2,597	$ 2,828
Actual return on plan assets	483	(49)
Employer contribution	123	21
Plan participants’ contributions	3	4
Benefits paid	(120)	(104)
Business/contract acquisitions/divestitures	199	—
Contractual termination benefits	6	11
Plan settlement	(13)	(14)
Foreign currency exchange rate changes	(279)	(100)
Other	(1)	—
Fair value of plan assets at end of year	$ 2,998	$ 2,597
Funded status at end of year	$ (299)	$ (282)

During fiscal 2017, the Company, along with the Trustee of CSC Computer Sciences Ltd. Main Pension Scheme (“CSC UK Pension”), the Trustee of the Rebus Pension Scheme (“Xchanging UK Pension”), and a financial institution (the "Institution"), entered into a multi-party arrangement whereby the Company’s corporate campus in Aldershot, U.K. (the "Property") was monetized for approximately $85 million in proceeds net of stamp duties paid. The Company concurrently contributed $85 million to the CSC UK Pension and Xchanging UK Pension plans as a special discretionary employer contribution. The transaction was executed by contributing the Property to a property limited partnership and all such LP interests were contributed to a Jersey Unit Trust owned 1% by the Company and 99% by the Institution.

Under the structured sale transaction, the Company entered into a 15-year master lease arrangement as master tenant, at approximately $4 million rent per year. Under U.S. GAAP, due to the continuing interest of the Company as master tenant, residual profit participation retained by the Company, Xchanging UK Pension and CSC UK Pension, and the Company's ownership of the general partner of the property limited partnership that owns the Property, the structured sale transaction resulted in accounting treatment as a financing transaction. As a consequence, the Property remains accounted for as an asset on the balance sheet of the Company at historical cost basis and accumulated depreciation thereon, with no gain or loss recorded. A corresponding $85 million liability was recorded as other long-term liabilities on the Company's consolidated balance sheet.

Selected Information

(in millions)	March 31, 2017	April 1, 2016
Other assets	$ 73	$ 44
Accrued expenses and other current liabilities	(7)	(5)
Non-current pension obligations	(342)	(298)
Other long-term liabilities - OPEB	(23)	(24)
Net amount recorded	$ (299)	$ (283)
Accumulated benefit obligation	$ 3,262	$ 2,835

	Benefit Plans with Projected Benefit Obligation in Excess of Plan Assets		Benefit Plans with Accumulated Benefit Obligation in Excess of Plan Assets	
(in millions)	March 31, 2017	April 1, 2016	March 31, 2017	April 1, 2016
Projected benefit obligation	$ 996	$ 693	$ 938	$ 668
Accumulated benefit obligation	$ 963	$ 658	$ 913	$ 640
Fair value of plan assets	$ 624	$ 366	$ 574	$ 346

Net Periodic Pension Cost

(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Service cost	$ 23	$ 25	$ 23
Interest cost	82	92	118
Expected return on assets	(161)	(179)	(183)
Amortization of transition obligation	1	1	1
Amortization of prior service costs	(17)	(19)	(10)
Contractual termination benefit	1	6	3
Settlement (gain) loss	—	(2)	1
Recognition of actuarial loss (gain)	87	127	278
Net periodic pension expense (income)	$ 16	$ 51	$ 231

Estimated net transitional obligations of $1 million and prior service credit of $(18) million will be amortized from accumulated other comprehensive income into net periodic pension cost over the next fiscal year. The weighted-average rates used to determine net periodic pension cost were:

	March 31, 2017	April 1, 2016	April 3, 2015
Discount or settlement rates	3.1%	3.0%	4.4%
Expected long-term rates of return on assets	6.3%	6.3%	7.1%
Rates of increase in compensation levels	2.6%	2.8%	4.2%

The following is a summary of amounts in accumulated other comprehensive loss, before tax effects:

(in millions)	March 31, 2017	April 1, 2016
Net transition obligation	$ —	$ 1
Prior service cost	(269)	(289)
Accumulated other comprehensive (loss) income	$ (269)	$ (288)

Estimated Future Benefits Payments

(in millions)	
Employer contributions:	
2018	$ 29
Benefit Payments:	
2018	$ 100
2019	$ 104
2020	$ 111
2021	$ 116
2022	$ 120
2023 and thereafter	$ 679

Fair Value of Plan Assets

The tables below set forth the fair value of plan assets by asset category within the fair value hierarchy:

		As of March 31, 2017			
(in millions)		Level 1	Level 2	Level 3	Total
Equity:					
	Global/International Equity commingled funds	$ 1	$ 710	$ —	$ 711
	Global equity mutual funds	1	251	—	252
	U.S./North American Equity commingled funds	1	39	—	40
Fixed Income:					
	Non-U.S. Government funds	—	3	—	3
	Fixed income commingled funds	1	991	—	992
	Fixed income mutual funds	3	—	—	3
Alternatives:					
	Other Alternatives [1]	3	412	343	758
	Hedge Funds[2]	—	1	—	1
Insurance contracts		—	131	5	136
Cash and cash equivalents		94	8	—	102
Totals		$ 104	$ 2,546	$ 348	$ 2,998

		As of April 1, 2016			
(in millions)		Level 1	Level 2	Level 3	Total
Equity:					
	Global/International Equity commingled funds	$ 1	$ 419	$ —	$ 420
	Global equity mutual funds	—	230	—	230
	U.S./North American Equity commingled funds	1	264	—	265
Fixed Income:					
	Fixed income commingled funds	1	846	—	847
Alternatives:					
	Other Alternatives [1]	3	373	165	541
	Hedge Funds[2]	—	—	146	146
Insurance contracts		—	135	4	139
Cash equivalents		5	4	—	9
Totals		$ 11	$ 2,271	$ 315	$ 2,597

[1] *Represents real estate and other commingled funds consisting mainly of equities, bonds, or commodities.*

[2] *Represents investments in diversified fund of hedge funds.*

Changes in fair value measurements of level 3 investments for the defined benefit plans were as follows:

(in millions)	
Balance as of April 3, 2015	$ 289
Actual return on plan assets held at the reporting date	6
Purchases, sales and settlements	34
Changes due to exchange rates	(14)
Balance as of April 1, 2016	315
Actual return on plan assets held at the reporting date	60
Purchases, sales and settlements	9
Changes due to exchange rates	(36)
Balance as of March 31, 2017	$ 348

Domestic and global equity accounts are categorized as Level 1 if the securities trade on national or international exchanges and are valued at their last reported closing price. Equity assets in commingled funds reporting a net asset value are categorized as Level 2 and valued using broker dealer bids or quotes of securities with similar characteristics.

Fixed income accounts are categorized as Level 1 if traded on a publicly quoted exchange or as level 2 if investments in corporate bonds are primarily investment grade bonds, generally priced using model-based pricing methods that use observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used.

Alternative investment fund securities are categorized as Level 1 if held in a mutual fund or in a separate account structure and actively traded through a recognized exchange, or as Level 2 if they are held in commingled or collective account structures and are actively traded. Alternative investment fund securities are classified as Level 3 if they are held in Limited Company or Limited Partnership structures or cannot otherwise be classified as Level 1 or Level 2.

Insurance contracts purchased to cover benefits payable to retirees are valued using the assumptions used to value the projected benefit obligation.

Cash equivalents that have quoted prices in active markets are classified as Level 1. Short-term money market commingled funds are categorized as Level 2 and valued at cost plus accrued interest which approximates fair value.

Plan Asset Allocations

Asset Category	March 31, 2017	April 1, 2016
Equity securities	33%	35%
Debt securities	33%	33%
Alternatives	25%	26%
Cash and other	9%	6%
Total	100%	100%

Plan assets are held in a trust that includes commingled funds subject to country specific regulations and invested primarily in commingled funds. The U.K. pension plans, the Company's largest pension plans by assets and projected liabilities, a target allocation by asset class was developed to achieve their long-term objectives. Asset allocations are monitored closely and investment reviews regarding asset strategy are conducted regularly with internal and external advisors.

The Company’s investment goals and risk management strategy for plan assets evaluates a number of factors, including the time horizon of the plans’ obligations. Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification in order to minimize risk, yet produces a reasonable amount of return on investment over the long term. Sufficient liquidity is maintained to meet benefit obligations as they become due. Third party investment managers are employed to invest assets in both passively-indexed and actively-managed strategies. Equities are primarily invested broadly in domestic and foreign companies across market capitalizations and industries. Fixed income securities are invested broadly, primarily in government treasury, corporate credit, mortgage backed and asset backed investments. Alternative investment allocations are included in selected plans to achieve greater portfolio diversity intended to reduce the overall risk of the plans.

Plan asset risks include longevity, inflation, and other changes in market conditions that could reduce the value of plan assets. Also, a decline in the yield of high quality corporate bonds may adversely affect discount rates resulting in an increase in CSC's pension and other post-retirement obligations. These risks, among others, could cause the plans' funded status to deteriorate, resulting in an increased reliance on Company contributions. Derivatives are permitted although their current use is limited within traditional funds and broadly allowed within alternative funds. Derivatives are used for inflation risk management and within the liability driven investing strategy. The Company also has investments in insurance contracts to pay plan benefits in certain countries.

Return on Assets

The Company consults with internal and external advisors regarding the expected long-term rate of return on assets. The Company uses various sources in its approach to compute the expected long-term rate of return of the major asset classes expected in each of the plans. CSC utilizes long-term, typically 30 years, asset class return assumptions provided by external advisors. Consideration is also given to the extent active management is employed in each asset class and also to management expenses. A single expected long-term rate of return is calculated for each plan by assessing the plan's expected asset allocation strategy, the benefits of diversification therefrom, historical excess returns from actively managed traditional investments, expected long-term returns for alternative investments and expected investment expenses. The resulting composite rate of return is reviewed by internal and external parties for reasonableness.

Retirement Plan Discount Rate

The U.K. discount rate is based on the yield curve approach using the U.K. Aon Hewitt GBP Single Agency AA Corporates-Only Curve. In fiscal 2016, the bond universe was modified to include corporate bonds only.

Defined Contribution Plans

The Company sponsors defined contribution plans for substantially all U.S. employees and certain foreign employees. The plans allow employees to contribute a portion of their earnings in accordance with specified guidelines. Matching contributions are made annually in January to participants employed on December 31 of the prior year and vest in one year. However, if a participant retires from CSC or dies prior to December 31, the participant will be eligible to receive matching contributions approximately 30 days following separation from service. During fiscal 2017, 2016 and 2015, the Company contributed $124 million, $132 million and $177 million, respectively, to its defined contribution plans. At March 31, 2017, plan assets included 4,628,230 shares of the Company's common stock.

Deferred Compensation Plan

Effective August 14, 1995, the Company adopted the Computer Sciences Corporation Deferred Compensation Plan (the "Plan"). The Plan consists of one plan for the benefit of key executives and non-employee directors. Pursuant to the Plan, 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, and non-employee directors are eligible to defer up to 100% of their compensation. The liability, which is included in Other long-term liabilities in the Company's consolidated balance sheets under the Plan, amounted to $67 million as of March 31, 2017 and $74 million as of April 1, 2016. The Company's expense under the Plan totaled $5 million, $3 million and $2 million, for fiscal 2017, 2016 and 2015, respectively.

Note 14 - Stockholders' Equity

Share Repurchase Program

In May 2014, the Company's Board of Directors approved a share repurchase program authorizing up to $1.5 billion of CSC's outstanding common stock. As a result of the Merger, this program terminated on April 1, 2017. The Company repurchased shares through a combination of open market purchases and ASR arrangements, in compliance with SEC rules, market conditions and applicable federal and state legal requirements. The timing, volume and nature of share repurchases were at the discretion of management. The shares repurchased were retired immediately and included in the category of authorized but unissued shares. The excess of purchase price over par value of the common shares was allocated between additional paid-in capital and retained earnings.

Shares repurchased, under both the open market purchases and the ASR arrangements, are shown below:

Fiscal Year	Number of shares repurchased	Average Price Per Share	Amount (In millions)
2016			
Open market purchases	3,587,224	$48.28	$ 173
ASR [1]	162,908	$0.00	—
Total	3,750,132	$46.18	$ 173
2015			
Open market purchases [2]	7,560,358	$60.71	$ 459
ASR	4,155,193	$66.69	277
Total	11,715,551	$62.83	$ 736

[1] *Reflects additional shares received during fiscal 2016 for the fourth quarter ASR arrangement discussed below.*

[2] *The Company paid $6 million during the first quarter of fiscal 2015 for shares purchased during the fourth quarter of fiscal 2014 that had not yet settled as of March 28, 2014.*

During fiscal 2015, the Company entered into two ASR arrangements with a financial institution. Both of these ASR arrangements were characterized by a) upfront cash payments by the Company against which it received an initial delivery of shares, and b) a true-up of the number of shares received, at maturity of the ASR arrangement, based on the volume weighted-average price of shares during the term of the ASR arrangement. Both the ASR arrangements met all applicable criteria for equity classification and, therefore, were not accounted for as derivative instruments.

The details of the two fiscal 2015 ASR arrangements were as follows:

Program	Contract Maturity	Total Value of ASR (in millions)	Number of Shares Repurchased	Consideration (in millions)	Average Price Per Share
Second quarter ASR arrangement [1]	November 6, 2014	$ 125	1,290,481	$ 75	$ 58.12
Fourth quarter ASR arrangement [2]	November 8, 2015	302	3,027,620	202	$ 66.75
Total		$ 427	4,318,101	$ 277	$ 64.17

[1] *In the third quarter of fiscal 2015, the Company received an additional 31,830 shares and a refund of the $50 million prepayment in cash upon settlement of the second quarter ASR arrangement.*

[2] *Consideration includes transaction costs. During the second quarter of fiscal 2016, the Company received an additional 162,908 shares. During the third quarter of fiscal 2016, the Company received a refund of a $100 million prepayment in cash upon settlement of the fourth quarter ASR arrangement that was initially included within equity during fiscal 2015.*

Treasury Stock Transactions

In fiscal 2017, 2016 and 2015 the Company accepted 72,231, 48,416 and 121,350 shares of its common stock, respectively, in lieu of cash in connection with the exercise of stock options. In fiscal 2017, 2016 and 2015, the Company accepted 195,201, 716,999 and 330,037 shares of its common stock, respectively, in lieu of cash in connection with the tax withholdings associated with the release of common stock upon vesting of restricted stock and RSUs.

Dividends

	Cash Dividends Declared		
(in millions, except per share amounts)	Per Common Share	Total	Unpaid at Fiscal Year End
Fiscal 2017	$ 0.56	$ 80	$ 20
Fiscal 2016*	$ 2.99	$ 421	$ 19
Fiscal 2015	$ 0.92	$ 131	$ 32

* *In connection with the Separation (see Note 3 - "Divestitures"), CSC and CSRA each paid concurrent special cash dividends on November 30, 2015 of $2.25 and $8.25 per share, respectively. Payment of each portion of the special dividend was made to holders of common stock on the Record Date who received shares of CSRA common stock in the distribution.*

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	Pension and Other Post-retirement Benefit Plans	Accumulated Other Comprehensive Income (Loss)
Balance at March 28, 2014	$ (6)	$ —	$ 285	$ 279
Current-period other comprehensive (loss) income	(310)	(2)	57	(255)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	(3)	(3)
Balance at April 3, 2015	$ (316)	$ (2)	$ 339	$ 21
Current-period other comprehensive (loss) income	(83)	1	1	(81)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	(20)	(20)
Transfer to CSRA	—	—	(31)	(31)
Balance at April 1, 2016	$ (399)	$ (1)	$ 289	$ (111)
Current-period other comprehensive (loss) income	(59)	21	(2)	(40)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	(11)	(11)
Balance at March 31, 2017	$ (458)	$ 20	$ 276	$ (162)

Note 15 - Stock Incentive Plans

Employee Incentives

The Company has two stock incentive plans which authorize the issuance of stock options, restricted stock and other share-based incentives to employees upon terms approved by the Compensation Committee of the Board of Directors. The Company's overall share-based compensation granting practice has not changed significantly since previously reported. The Company issues authorized but previously unissued shares upon the exercise of stock options, the granting of restricted stock awards and the settlement of RSUs. There were no restricted stock awards outstanding during fiscal 2017, 2016, or 2015.

As of March 31, 2017, 13,929,076 shares of CSC common stock were available for the grant of future stock options, restricted stock or other share-based incentives to employees. See Note 23 - "Subsequent Events" for post-Merger status.

The Company recognized share-based compensation expense for fiscal 2017, 2016 and 2015 as follows:

	Fiscal Years Ended		
(in millions)	**March 31, 2017**	**April 1, 2016**	**April 3, 2015**
Total	$ 75	$ 46	$ 68
Total, net of tax	$ 50	$ 29	$ 43

The Company uses the Black-Scholes-Merton model in determining the fair value of stock options granted. In determining the overall risk-free interest rate for fiscal 2017, a range of interest rates from 1.17% to 1.92% was applied depending on the expected life of the grant. The range of volatility used for fiscal 2017 was 29% to 30%.

The weighted average fair values of stock options granted during fiscal 2017, 2016 and 2015 were $13.00, $9.00 and $18.32 per share, respectively. In calculating the compensation expense for its stock incentive plans, the Company used the following weighted average assumptions:

	Fiscal Year		
	2017	**2016**	**2015**
Risk-free interest rate	1.60%	1.81%	2.07%
Expected volatility	29%	31%	33%
Expected term (in years)	6.09	6.23	6.22
Dividend yield	1.56%	1.39%	1.50%

For the year ended March 31, 2017, the Company realized tax benefits from employee share-based payment awards of $35 million.

As a result of the Separation of NPS in the third quarter fiscal 2016, most stock awards issued by the Company were modified, including acceleration of vesting of certain awards and the issuance of new CSRA awards under the basket method, whereby awards granted prior to fiscal 2016 in CSC equity were converted into two awards: an award in an adjusted CSC equity award and a CSRA equity award. In the case of stock options, the number of options and the exercise price were adjusted for the impact of the Separation. The conversions were structured to generally preserve the intrinsic value of the awards immediately prior to the Separation. There was no incremental stock compensation expense recognized as a result of the modification of the awards.

Stock Options

The Company's stock options vest one-third annually on each of the first three anniversaries of the grant date. Stock options are generally granted for a term of ten years. Information concerning stock options granted under stock incentive plans was as follows:

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding as of March 28, 2014	9,829,611	$ 43.30	5.73	$ 167
Granted	1,331,862	$ 60.89		
Exercised	(4,476,715)	$ 45.19		$ 82
Canceled/Forfeited	(1,057,332)	$ 42.67		
Expired	(71,117)	$ 45.53		
Outstanding as of April 3, 2015	5,556,309	$ 46.08	5.93	$ 107
Granted	1,052,129	$ 30.70		
Issued due to Separation modification	1,614,465	$ 28.40		
Exercised	(2,372,109)	$ 19.27		$ 46
Canceled/Forfeited	(434,578)	$ 28.59		
Expired	(49,595)	$ 20.87		
Outstanding as of April 1, 2016	5,366,621	$ 24.83	7.06	$ 51
Granted	2,450,976	$ 50.91		
Exercised	(2,544,955)	$ 21.84		$ 73
Canceled/Forfeited	(448,505)	$ 36.94		
Expired	(56,741)	$ 14.36		
Outstanding as of March 31, 2017	4,767,396	$ 38.70	8.01	$ 145
Vested and expected to vest in the future as of March 31, 2017	4,496,499	$ 38.14	7.94	$ 139
Exercisable as of March 31, 2017	1,249,801	$ 24.34	5.67	$ 56

	As of March 31, 2017				
	Options Outstanding			Options Exercisable	
Range of Option Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Number Exercisable	Weighted Average Exercise Price
$10.35 - $29.70	1,024,551	$ 22.44	5.12	886,308	$ 21.66
$30.31 - $48.61	1,496,474	$ 31.26	8.12	360,258	$ 30.72
$49.24 - 61.75	2,246,371	$ 51.07	9.25	3,235	$ 49.24
	4,767,396			1,249,801	

The total fair value of stock options vested during fiscal 2017, 2016 and 2015 was $8 million, $13 million and $9 million, respectively. The cash received from stock options exercised during fiscal 2017, 2016 and 2015 was $54 million, $82 million and $196 million, respectively.

As of March 31, 2017, there was $28 million of unrecognized compensation expense related to unvested stock options, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 2.07 years.

Restricted Stock Units

RSUs consist of equity awards with the right to receive one share of common stock of the Company granted at a price of $0. RSUs generally vest over periods of three to five years. Upon the settlement date, RSUs are settled in shares of CSC common stock and dividend equivalents. 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 RSUs for which the shares are redeemable over the ten anniversaries following the executive's separation from service as a full-time employee, provided the executive complies with certain non-competition covenants during the ten-year period following the executive's separation of service. For certain executives who joined the company in fiscal 2013 and thereafter, the awards vest at age 62, or 50% of the award vests at age 55 with 5 years' service with an additional 10% vesting each additional year of service up to 10 years of service. Prior to fiscal 2013, awards vested at age 65 or age 55 with 10 years of service.

The Company also grants PSUs, which generally vest over a period of three 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 CSC 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 accelerated vesting of 25% of the shares granted after the first and second fiscal years if certain of the Company's performance targets are met early. Compensation expense during the performance period is estimated at each reporting date using management's expectation of the probable achievement of the specified performance criteria and is adjusted to the extent the expected achievement changes. The Company met its performance targets in fiscal 2016 as such, shares were settled in the first quarter of fiscal 2017. In the table below, such awards are reflected at the number of shares originally granted.

Information concerning RSUs (including PSUs) granted under the stock incentive plans, was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 28, 2014	3,187,741	$ 41.34
Granted	1,000,150	$ 60.91
Settled	(829,861)	$ 40.81
Canceled/Forfeited	(778,355)	$ 42.62
Outstanding as of April 3, 2015	2,579,675	$ 48.70
Granted	3,234,197	$ 27.97
Issued due to Separation modification	419,160	$ 29.95
Settled	(1,783,664)	$ 28.87
Canceled/Forfeited	(851,369)	$ 40.97
Outstanding as of April 1, 2016	3,597,999	$ 29.25
Granted	1,150,185	$ 47.70
Settled	(602,467)	$ 27.29
Canceled/Forfeited	(434,732)	$ 32.86
Outstanding as of March 31, 2017	3,710,985	$ 34.86

As of March 31, 2017, there was $58 million of unrecognized compensation expense related to unvested RSUs, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 1.80 years.

Non-employee Director Incentives

The Company has one stock incentive plan which authorizes the issuance of stock options, restricted stock and other share-based incentives to non-employee directors upon terms approved by the Company's Board of Directors. As of March 31, 2017, 593,136 shares of CSC common stock remained available for the grant of future RSUs or other share-based incentives to nonemployee directors.

RSU awards to non-employee directors are granted at a price of $0. For RSU awards granted in fiscal 2014 and thereafter, RSUs vest and settle at the earlier of (i) the one-year anniversary of the grant date, or (ii) the date of the Company's first Annual Meeting of the Stockholders held after the grant date. Alternatively, settlement of the RSU may be deferred per election of the non-employee director. For awards granted in fiscal 2013 and prior, vested RSUs are automatically settled for shares of CSC common stock and dividend equivalents when the non-employee director ceases to be a director of the Company. At the holder's election, the RSUs may be settled (i) in their entirety, upon the day the holder ceases to be a director, or (ii) in substantially equal amounts upon the first five, ten or fifteen anniversaries of such termination of service.

Information concerning RSUs granted to non-employee directors was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 28, 2014	184,146	$ 42.07
Granted	22,100	$ 59.63
Settled	(62,260)	$ 44.10
Canceled/Forfeited	—	$ —
Outstanding as of April 3, 2015	143,986	$ 30.02
Granted	65,188	$ 31.75
Settled	(107,878)	$ 33.11
Canceled/Forfeited	(12,250)	$ 33.96
Outstanding as of April 1, 2016	89,046	$ 27.00
Granted	33,600	$ 47.35
Settled	(32,080)	$ 28.58
Canceled/Forfeited	(4,800)	$ 30.31
Outstanding as of March 31, 2017	85,766	$ 34.19

Note 16 - Cash Flows

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

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Cash paid for:			
Interest	$ 103	$ 124	$ 144
Taxes on income, net of refunds	$ 63	$ 65	$ 146
Non-cash activities:			
Investing:			
Capital expenditures in accounts payable and accrued expenses	$ 43	$ 42	$ 39
Capital expenditures through capital lease obligations	$ 52	$ 47	$ 24
Assets acquired under long-term financing	$ 87	$ 1	$ 64
Financing:			
Dividends declared but not yet paid	$ 20	$ 19	$ 32

Note 17 - Other (Income) Expense, Net

The following table summarizes components of other (income) expense, net:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Foreign currency (gain) loss	$ (8)	$ (1)	$ 11
Other gain	(2)	(8)	(1)
Totals	$ (10)	$ (9)	$ 10

Foreign currency (gain) loss results from the movement of foreign currency exchange rates on the Company's foreign currency denominated assets and liabilities, related hedges including options to manage its exposure to economic risk and the cost of the Company's hedging program. Other gain during fiscal 2016 primarily included a $6 million gain on sale of certain assets.

Note 18 - Segment and Geographic Information

CSC's reportable segments are Global Business Services and Global Infrastructure Services. These reportable segments are organized by the types of services they provide. When determining the reportable segments, the Company aggregated operating segments based on their similar operating characteristics. Geographically, CSC has significant operations throughout North America, Europe, Asia and Australia. Due to the Separation, on November 27, 2015, North American Public Sector is no longer included as a reportable segment and its results have been reclassified to discontinued operations, net of taxes, for fiscal 2016 and 2015.

Global Business Services

GBS provides innovative technology solutions including digital applications and applications services and software, which address key business challenges within the customer's industry. GBS strives to help clients understand and take advantage of industry trends of IT modernization and virtualization of the IT portfolio (hardware, software, networking, storage and computing assets). GBS has three primary focus areas: industry aligned next-generation software and solutions; digital applications, our consulting and applications business and big data services. Industry aligned next-generation software and solutions is centered on the insurance, banking, healthcare and life sciences industries, as well as manufacturing and other diversified industries. Activities are primarily related to vertical alignment of software solutions and process-based intellectual property that power mission-critical transaction engines, in addition to the provision of tailored business process services. The digital applications business helps organizations innovate, transform and create sustainable competitive advantage through a combination of industry, business process, technology, systems integration and change management expertise, while optimizing and modernizing clients' business and technical environments, enabling clients to capitalize on emerging services such as cloud and mobility as well as big data within new commercial models including "as a Service." Key competitive differentiators for GBS include its global scale, solution objectivity, depth of industry expertise, strong partnerships, vendor and product independence and end-to-end solutions and capabilities. Changing business issues such as globalization, fast-developing economies, government regulation and growing concerns around risk, security and compliance drive demand for these GBS offerings.

Global Infrastructure Services

GIS provides managed and virtual desktop solutions, unified communications and collaboration services, data center management, cyber security, compute and managed storage solutions to commercial clients globally. GIS also delivers CSC's next-generation cloud offerings, including Infrastructure as a Service, private cloud solutions and Storage as a Service. GIS provides a portfolio of standard offerings that have predictable outcomes and measurable results while reducing business risk and operational costs for clients. To provide clients with differentiated offerings, GIS maintains a select number of key alliance partners to make investments in developing unique offerings and go-to-market strategies. This collaboration helps CSC determine the best technology, road map and opportunities to differentiate solutions, expand market reach, augment capabilities and jointly deliver impactful solutions.

The following table summarizes operating results regularly provided to the chief operating decision maker by reportable segment and a reconciliation to the consolidated financial statements:

(in millions)	GBS	GIS	Corporate	Total
Fiscal Year Ended March 31, 2017				
Revenues	$ 4,173	$ 3,434	$ —	$ 7,607
Consolidated segment operating income (loss)	$ 305	$ 107	$ (55)	$ 357
Depreciation and amortization	$ 154	$ 429	$ 64	$ 647
Fiscal Year Ended April 1, 2016				
Revenues	$ 3,637	$ 3,469	$ —	$ 7,106
Consolidated segment operating income (loss)	$ 381	$ 216	$ (82)	$ 515
Depreciation and amortization	$ 124	$ 491	$ 43	$ 658
Fiscal Year Ended April 3, 2015				
Revenues	$ 4,036	$ 4,081	$ —	$ 8,117
Consolidated segment operating income (loss)	$ 405	$ 162	$ (108)	$ 459
Depreciation and amortization	$ 149	$ 673	$ 18	$ 840

A reconciliation of reportable segments (loss) profit to consolidated (loss) income from continuing operations before taxes is as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Consolidated segment operating income	$ 357	$ 515	$ 459
Corporate G&A	(372)	(216)	(230)
Pension and OPEB actuarial and settlement losses	(87)	(99)	(584)
SEC settlement related charges and other [1]	—	—	(200)
Separation costs	—	(19)	—
Interest expense	(117)	(123)	(126)
Interest income	35	38	20
Debt extinguishment costs	—	(95)	—
Other income (expense), net	10	9	(10)
(Loss) income from continuing operations, before taxes	$ (174)	$ 10	$ (671)

[1] *This item primarily relates to the SEC investigation settlement (see Note 22 - "Settlement of SEC Investigation").*

Revenues by country are based on the location of the selling business unit. Property and equipment, total assets and capital expenditures for property and equipment information is based on the physical location of the asset. Geographic revenues, property and equipment, total assets and capital expenditures were as follows:

	Fiscal Year Ended March 31, 2017					
(in millions)	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 2,986	$ 1,482	$ 921	$ 1,594	$ 624	$ 7,607
Property and Equipment, net	$ 389	$ 235	$ 58	$ 134	$ 87	$ 903
Total Assets	$ 4,925	$ 1,019	$ 978	$ 358	$ 1,383	$ 8,663
Capital Expenditures	$ 127	$ 69	$ 14	$ 43	$ 39	$ 292

	Fiscal Year Ended April 1, 2016					
	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 3,057	$ 1,570	$ 483	$ 1,474	$ 522	$ 7,106
Property and Equipment, net	$ 466	$ 244	$ 63	$ 157	$ 95	$ 1,025
Total Assets	$ 3,330	$ 1,053	$ 703	$ 1,580	$ 1,070	$ 7,736
Capital Expenditures	$ 249	$ 66	$ 17	$ 48	$ 32	$ 412

	Fiscal Year Ended April 3, 2015					
	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 3,268	$ 1,721	$ 608	$ 1,928	$ 592	$ 8,117
Property and Equipment, net	$ 505	$ 257	$ 54	$ 176	$ 118	$ 1,110
Total Assets	$ 5,979	$ 1,621	$ 368	$ 1,197	$ 1,056	$ 10,221
Capital Expenditures	$ 225	$ 58	$ 19	$ 73	$ 31	$ 406

No single customer exceeded 10% of the Company’s revenues during fiscal 2017, fiscal 2016 or fiscal 2015.

Note 19 - Restructuring Costs

The Company recorded restructuring costs, net of reversals, of $238 million, $23 million and $256 million for fiscal 2017, 2016 and 2015, respectively. The costs recorded during fiscal 2017 were largely the result of implementing the Fiscal 2017 Plan, as described below.

The composition of restructuring costs and liabilities by financial statement line items is as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
Costs of services	$ 219	$ 7	$ 248
Selling, general and administrative	19	16	8
Total	$ 238	$ 23	$ 256

	As of	
(in millions)	March 31, 2017	April 1, 2016
Accrued expenses and other current liabilities	$ 171	$ 84
Other long-term liabilities	6	5
Total	$ 177	$ 89

Summary of Restructuring Plans

All of the Company's restructuring plans were initiated across its business segments. In May 2016, the Company initiated the Fiscal 2017 Plan in certain areas of the business to realign its cost structure and resources to take advantage of operational efficiencies following recent acquisitions. During the fourth quarter of Fiscal 2017, the Company initiated a restructuring plan to strengthen the Company's competitiveness and to optimize certain workforce by increasing work performed in low-cost locations. The objectives of the Fiscal 2016 Plan initiated during September 2015 were to optimize utilization of facilities and rightsize overhead organizations as a result of the Separation. In June 2014, the Fiscal 2015 Plan was established to optimize the workforce in high cost markets, particularly in Europe, address the Company's labor pyramid and right shore its labor mix.

Restructuring activities, summarized by plan year, were as follows:

	Restructuring Liability as of April 1, 2016	Costs Expensed	Costs Reversed	Costs not affecting restructuring liability[1]	Cash Paid	Foreign Currency Translation Adjustments	Restructuring Liability as of March 31, 2017
Fiscal 2017 Plans							
Workforce Reductions	$ —	$ 239	$ —	$ (6)	$ (79)	$ 1	$ 155
Facilities Costs	—	9	—	—	(3)	—	6
Total	$ —	$ 248	$ —	$ (6)	$ (82)	$ 1	$ 161
Fiscal 2016 Plan							
Workforce Reductions	$ 29	$ —	$ (3)	$ —	$ (17)	$ (1)	$ 8
Facilities Costs	30	—	(4)	—	(20)	(1)	5
Total	$ 59	$ —	$ (7)	$ —	$ (37)	$ (2)	$ 13
Fiscal 2015 Plan							
Workforce Reductions	$ 29	$ —	$ (3)	$ —	$ (22)	$ (1)	$ 3
Facilities Costs	—	—	—	—	—	—	—
Total	$ 29	$ —	$ (3)	$ —	$ (22)	$ (1)	$ 3

[1] *Pension benefit augmentations recorded as a pension liability*

	Restructuring Liability as of April 3, 2015	Costs Expensed	Costs Reversed	Cash Paid	Foreign Currency Translation Adjustments	Restructuring Liability as of April 1, 2016
Fiscal 2016 Plan						
Workforce Reductions	$ —	$ 29	$ —	$ (6)	$ 6	$ 29
Facilities Costs	—	37	—	(9)	2	30
Total	$ —	$ 66	$ —	$ (15)	$ 8	$ 59
Fiscal 2015 Plan						
Workforce Reductions	$ 230	$ —	$ (42)	$ (152)	$ (7)	$ 29
Facilities Costs	1	—	—	—	(1)	—
Total	$ 231	$ —	$ (42)	$ (152)	$ (8)	$ 29

Restructuring Expense by Segment

The restructuring costs, net of adjustments by segment are shown in the table below:

	Fiscal Years Ended		
(in millions)	March 31, 2017	April 1, 2016	April 3, 2015
GBS	$ 110	$ 20	$ 137
GIS	128	3	114
Corporate	—	—	5
Total	$ 238	$ 23	$ 256

Note 20 - Consolidated Variable Interest Entities

During fiscal 2017, CSC, along with the CSC UK Pension, Xchanging UK Pension and the Institution entered into a multi-party arrangement whereby the Company’s corporate campus in Aldershot, U.K. interest was contributed to a property limited partnership, Royal Pavilion LP (the "Partnership"), the general partner of which is owned by the Company. All the limited partnership interests in the the Partnership were in turn contributed to a Jersey Unit Trust, Royal Pavilion Limited Trust, which units are owned 1% by the Company and 99% by the Institution. For further information on the transaction, see Note 13 - "Retirement and Other Post-Retirement Benefit Plans".

During fiscal 2016, CSC entered into a partnership with HCL Technologies Ltd. structured as two private limited companies, incorporated in the United Kingdom: CeleritiFinTech Limited and CeleritiFinTech Services Limited. The subsidiaries were formed to operate and further invest in and expand banking products with the combined objective to promote and generate revenues from banking and other customers. CSC holds a 49% membership interest in CeleritiFinTech Limited and a 51% membership interest in CeleritiFinTech Services Limited.

As of March 31, 2017 and April 1, 2016, the assets and liabilities attributable to these entities were not material to the Company's consolidated balance sheets. As of March 31, 2017 and April 1, 2016, no assets were pledged by the Company as collateral and there was no additional exposure to the Company for loss due to its involvement with these entities.

The Company determined that it is the primary beneficiary of these entities and, as such, follows accounting treatment for variable interest entities that properly meet the criteria for consolidation.

Note 21 - Commitments and Contingencies

Commitments

The Company has operating leases for the use of certain real estate and equipment. Substantially all operating leases are non-cancelable or cancelable only through payment of penalties. Lease payments are typically based upon the period of the lease but may include payments for insurance, maintenance and property taxes. There are no purchase options on operating leases at favorable terms. Most real estate leases have one or more renewal options. Certain leases on real estate are subject to annual escalations for increases in utilities and property taxes. Lease rental expense amounted to $146 million, $152 million and $139 million, for the fiscal years ended March 31, 2017, April 1, 2016 and April 3, 2015, respectively.

Minimum fixed rentals required for the next five years and thereafter under operating leases in effect at March 31, 2017, were as follows:

Fiscal year (in millions)	**Real Estate**	**Equipment**
2018	$ 107	$ 17
2019	86	11
2020	59	5
2021	37	2
2022	25	—
Thereafter	97	—
Minimum fixed rentals	411	35
Less: Sublease rental income	(12)	—
Totals	$ 399	$ 35

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 one to six 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 March 31, 2017 were as follows:

Fiscal year (in millions)	**Minimum Purchase Commitment**
2018	$ 407
2019	383
2020	348
Thereafter	731
Total	$ 1,869

In the normal course of business, the Company may provide certain clients with financial performance guarantees, which are at times backed by stand-by letters of credit or surety bonds. In general, the Company would only be liable for the amounts of these guarantees in the event that nonperformance 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 March 31, 2017:

(in millions)	Fiscal 2018	Fiscal 2019	Fiscal 2020 and Thereafter	Totals
Surety bonds	$ 17	$ —	$ —	$ 17
Letters of credit	4	3	33	40
Stand-by letters of credit	6	8	17	31
Totals	$ 27	$ 11	$ 50	$ 88

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). CSC’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. Historically, CSC has not incurred any significant costs related to licensee software indemnification.

Contingencies

We are subject to various claims and contingencies associated with lawsuits, insurance, tax and other issues arising in the normal course of business. The consolidated financial statements reflect the treatment of claims and contingencies based on management's view of the expected outcome. CSC consults with outside legal counsel on issues related to litigation and seeks input from other experts and advisors with respect to matters in the ordinary course of business. If the likelihood of an adverse outcome is probable and the amount is estimable, we accrue a liability in accordance with ASC 450 “Contingencies.” Significant changes in the estimates or assumptions used in assessing the likelihood of an adverse outcome could have a material effect on our results of operations. Unless otherwise noted, the Company is unable to develop a reasonable estimate of a possible loss or range of losses associated with the following contingent matters at this time.

Vincent Forcier v. Computer Sciences Corporation and The City of New York

On October 27, 2014, the United States District Court for the Southern District of New York unsealed a qui tam complaint that had been filed under seal over two years prior in a case entitled United States of America and State of New York ex rel. Vincent Forcier v. Computer Sciences Corporation and The City of New York, Case No. 1:12-cv-01750-DAB. The original complaint was brought by Vincent Forcier, a former employee of Computer Sciences Corporation, as a private party qui tam relator on behalf of the United States and the State of New York. The relator’s amended complaint, dated November 15, 2012, which remained under seal until October 27, 2014, alleged civil violations of the federal False Claims Act, 31 U.S.C. § 3729 et seq., and New York State’s False Claims Act, NY. Finance L, Art. 13, § 187 et seq., arising out of certain coding methods employed with respect to claims submitted by the Company to Medicaid for reimbursements as fiscal agent on behalf of its client, New York City’s Early Intervention Program ("EIP"). EIP is a federal program promulgated by the Individuals with Disabilities in Education Act, 20 U.S.C. § 1401 et seq., that provides early intervention services for infants and toddlers who have, or are likely to have, developmental delays.

Prior to the unsealing of the complaint on October 27, 2014, the United States Attorney’s Office for the Southern District of New York investigated the allegations in the qui tam relator’s complaint. That investigation included requests for information to the Company concerning the Company’s databases, software programs and related documents regarding EIP claims submitted by the Company on behalf of New York City. The Company produced documents and information that the government requested and cooperated fully with the government’s investigation regarding this matter at all times. In addition, the Company conducted its own investigation of the matter and openly shared its findings and worked constructively with all parties to resolve the matter. At the conclusion of its investigation, the Company concluded that it had not violated the law in any respect.

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. The complaints allege that, from 2008 to 2012, the Company and New York City used the automatic defaulting capabilities of a computerized billing system that the Company developed for New York City’s EIP in order to orchestrate a billing fraud against Medicaid and failed to comply with Medicaid requirements regarding submission of claims to private insurance. The New York Attorney General’s complaint also alleges that the Company failed to reimburse Medicaid in certain instances where insurance had paid a portion of the claim. The lawsuits seek damages under the federal False Claims Act, the New York False Claims Act and common law theories in an amount equal to three times the sum of an unspecified amount of damages the United States and New York State allegedly sustained, plus civil penalties together with attorneys’ fees and costs. On January 26, 2015, the Company and the City of New York filed motions to dismiss Forcier’s amended complaint and the federal and state complaints-in-intervention. On April 28, 2016, the Court issued a decision on the motions. The Court dismissed Forcier’s amended complaint, some claims related to allegations of fraudulent defaulting practices and the claims related to the alleged failure to reimburse Medicaid. The Court denied the motions to dismiss claims based on other allegations of fraudulent defaulting practices and the alleged noncompliance with Medicaid requirements to bill private insurance, as well as the claims seeking damages under the common law.

The United States and the State of New York each filed amended complaints-in-intervention on September 6, 2016. The amended complaints include the claims that the Court declined to dismiss in its April 28, 2016 decision. The amended complaints also assert new claims based on allegations related to the compensation provisions of the Company’s contract with New York City. Finally, the amended complaint of the United States reasserts some of the previously-dismissed claims related to allegations of fraudulent defaulting practices, though the United States has indicated that it does not intend to pursue these claims at trial and included them only to preserve them for appeal. The Company believes that the allegations in these amended complaints are without merit and intends to vigorously defend itself. The Company filed motions to dismiss the amended complaints in their entirety on November 9, 2016. The United States and the State of New York filed memoranda in opposition to those motions on December 19, 2016. The Company filed its reply memoranda on January 31, 2017, and its motions to dismiss are now before the Court.

CSC v. Eric Pulier

On May 12, 2015, the Company and its wholly owned subsidiary, ServiceMesh Inc. ("SMI"), filed a civil complaint in the Court of Chancery of the State of Delaware against Eric Pulier, a former employee of SMI and the Company (C.A. No. 11011-VCP).

The Company acquired SMI on November 15, 2013. The purchase consideration included a cash payment at closing, as well as additional contingent consideration based on a contractually defined multiple of SMI’s revenues during a specified period ending January 31, 2014 (the "Earnout Payment"), all as set forth in the purchase agreement governing the acquisition. Before the acquisition, Mr. Pulier was the chief executive officer, chairman and one of the largest equity holders of SMI. Following the acquisition, Mr. Pulier became employed by the Company, at which time he executed a retention agreement pursuant to which he received a grant of restricted stock units of the Company and agreed to be bound by the Company’s rules and policies, including the Company’s Code of Business Conduct.

In March 2015, the Company became aware of, and began its own investigation into the circumstances surrounding, the arrests of two former employees of the Commonwealth Bank of Australia Ltd. ("CBA") in connection with payments allegedly received by them, either directly or indirectly, from Mr. Pulier. SMI and CBA had entered into several contracts with each other, including contracts that contributed to the Earnout Payment. In April 2015, the Company was contacted by the Australian Federal Police regarding the alleged payments. Mr. Pulier resigned from the Company on April 22, 2015. The Company is cooperating with and assisting the Australian and U.S. authorities in their investigations of the conduct of various individuals involved in SMI transactions during the earnout period.

The Company’s and SMI’s original complaint against Mr. Pulier asserted claims for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement, (iii) fraud, (iv) fraud by omission, (v) breach of his retention agreement, (vi) breach of the implied covenant of good faith and fair dealing in his retention agreement and (vii) breach of fiduciary duty.

Mr. Pulier filed a motion to dismiss the complaint on May 28, 2015, and an opening brief in support of such motion on July 7, 2015.

The Company and SMI filed a First Amended Complaint on August 6, 2015, adding as defendants TechAdvisors, LLC ("TechAdvisors"), an entity controlled by Mr. Pulier, and Shareholder Representative Services LLC ("SRS"). In addition to the claims asserted against Mr. Pulier, the First Amended Complaint asserted claims against TechAdvisors for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement and (iii) fraud. The amended complaint added claims against SRS in its capacity as attorney-in-fact and representative of Mr. Pulier and TechAdvisors for breach of their indemnification obligations in the purchase agreement.

Mr. Pulier, SRS and TechAdvisors filed motions to dismiss the First Amended Complaint on August 20, August 31 and September 8, 2015, respectively.

On October 7, 2015, the Company filed its Second Amended Complaint against Mr. Pulier, TechAdvisors and SRS. In addition to the claims asserted against Mr. Pulier, TechAdvisors and SRS in the First Amended Complaint, the Second Amended Complaint asserts claims against SRS in its capacity as attorney-in-fact and representative of the former equityholders of ServiceMesh who are not current employees of CSC for breach of their indemnification obligations in the purchase agreement. The Second Amended Complaint seeks recovery of payments made to Mr. Pulier and TechAdvisors under the purchase agreement, the value of Mr. Pulier’s vested restricted stock units of the Company granted to him under his retention agreement and the full amount of the Earnout Payment, which was approximately $98 million.

Defendants filed motions to dismiss the Second Amended Complaint on November 6, 2015.

On December 17, 2015, the Company entered into a settlement agreement with the majority of the former equityholders of ServiceMesh, as well as SRS acting in its capacity as the agent and attorney-in-fact for the settling equityholders. Pursuant to the settlement agreement, the Company received $16.5 million, which amount was equal to the settling equityholders’ pro rata share of the funds remaining in escrow from the transaction, which was recorded as an offset to selling, general and administrative costs in our Consolidated Statements of Operations for the fiscal year ended April 1, 2016. The Company also moved to dismiss its claims against the settling equityholders and SRS, in its representative capacity for those equityholders. The Court granted the motion to dismiss on January 11, 2016.

On April 29, 2016, the Court orally ruled on Defendants’ motions to dismiss the Second Amended Complaint. It entered an Order granting the same relief on May 9, 2016. The Court largely denied Defendants’ motions and allowed the majority of the Company’s claims against Mr. Pulier, TechAdvisors and SRS to proceed. The Court dismissed the Company’s claim against Mr. Pulier for breach of the implied covenant of good faith and fair dealing in his retention agreement, one alternative factual basis for the Company’s claims for breach of the purchase agreement and fraud and another alternative factual basis for the Company’s claim against Mr. Pulier for fraud.

On May 23, 2016, SRS filed its Answer to the Second Amended Complaint. On June 3, 2016, Mr. Pulier and TechAdvisors filed an Answer and Mr. Pulier filed a Counterclaim against the Company. Mr. Pulier asserted counter-claims for (i) breach of the purchase agreement, (ii) breach of the implied covenant of good faith and fair dealing in the purchase agreement, (iii) fraud, (iv) negligent representation, (v) rescission of the purchase agreement and (vi) breach of his retention agreement. On June 23, 2016, the Company filed a motion to dismiss Mr. Pulier’s counterclaims.

On September 22, 2016, Mr. Pulier filed an Amended Counterclaim against the Company. In addition to the claims asserted by Mr. Pulier in his Original Counterclaim, the Amended Counterclaim alleges that the Company violated California’s “Blue Sky” corporate securities law in connection with granting restricted stock units to Mr. Pulier.

The Company filed a motion to dismiss Mr. Pulier’s Amended Counterclaim on September 29, 2016, and a brief in support of its motion to dismiss on October 14, 2016. Also on October 14, 2016, the Company filed a motion for partial summary judgment and a brief in support thereof. The motion for partial summary judgment sought an order requiring SRS to release from escrow funds in the amount of $0.8 million, an amount equal to the legal and investigative costs incurred by the Company in investigating and responding to claims by a former employee and equity holder of SMI, plus pre- and post-judgment interest. The Court held a hearing on the Company's motion to dismiss and motion for partial summary judgment on December 16, 2016.

On February 20, 2017, the Company, SRS, and the former equityholders of ServiceMesh who remain named defendants or real parties in interest in the litigation entered into a partial settlement agreement regarding the issues raised in the Company's motion for partial summary judgment. Under the partial settlement agreement, CSC received a payment of $54,111 from the funds remaining in escrow, in addition to an earlier release of $165,836 of those funds in mid-November 2016.

On March 17, 2017, the Court held a teleconference hearing in which it issued its oral ruling on the Company's motion to dismiss Mr. Pulier's Amended Counterclaim. On March 31, 2017, the Court entered an Order granting in part and denying in part the Company's motion to dismiss. The Court dismissed in part Pulier's counterclaims for breach of the purchase agreement, fraud and negligent misrepresentation, and breach of the Company's 2011 Omnibus Incentive Plan Service Based Restricted Stock Unit Award Agreement. The Court also dismissed entirely Pulier's counterclaims for breach of the implied covenant of good faith and fair dealing in the purchase agreement, rescission of the purchase agreement, and violation of California's "Blue Sky" corporate securities law. The Court allowed Pulier's counterclaim for breach of his retention agreement to remain in its entirety.

On April 28, 2017, Mr. Pulier filed a motion for leave to file a Second Amended and Verified Counterclaim.

Discovery is ongoing. Trial is set for January 29 through February 9, 2018.

Additionally, on February 17, 2016, Mr. Pulier filed a complaint against the Company and its subsidiary - CSC Agility Platform, Inc., formerly known as SMI - seeking advancement of his legal fees and costs in the case described above. The summary proceeding is in the Court of Chancery of the State of Delaware (C.A. No. 12005-CB). On May 12, 2016, the Court ruled that the Company is not liable to advance legal fees and costs to Mr. Pulier because he was not an officer or director of the Company, but that its subsidiary - as the successor to SMI - is liable for advancing 80% of Mr. Pulier's fees and costs in the underlying action. The Court entered an Order granting the same relief on May 27, 2016.

On July 7, 2016, Mr. Pulier requested advancement from CSC Agility Platform, Inc., as the successor to SMI, for his attorneys' fees and expenses incurred in connection with criminal and regulatory investigations and prosecutions. CSC Agility Platform, Inc. requested additional information from Mr. Pulier relating to that demand. On February 2, 2017, Mr. Pulier filed a complaint against CSC Agility Platform, Inc. seeking advancement for these fees and expenses. On March 3, 2017, CSC Agility Platform, Inc. filed its answer to the complaint for advancement and a counterclaim alleging that, in breach of the purchase agreement, Mr. Pulier had not made commercially reasonable efforts to obtain insurance coverage for his fees and expenses incurred in connection with the investigations and prosecutions. On March 30, 2017, Mr. Pulier filed a motion for judgment on the pleadings.

With respect to the Australian and U.S. authorities' investigations, on September 27, 2016, one of the two former CBA employees settled charges with the SEC that he participated in a scheme with "CSC's former Executive Vice President of Cloud Computing" to defraud CSC. The SEC alleged that the former CSC executive bribed the former CBA employee with at least $630,000 to have CBA enter into contracts with SMI to meet a $20 million revenue threshold so that the former CSC executive could receive $30 million of the approximately $98 million Earnout Payment.

Also on September 27, 2016, the United States Attorney's Office for the Central District of California announced similar criminal charges against the former CBA employee for securities fraud and wire fraud.

The former CBA employee has also pleaded guilty to bribery charges in Australia and on December 20, 2016 was sentenced to three-and-a-half years in prison.

Law enforcement officials in Australia have also brought bribery-related charges against the other former CBA employee in connection with CBA's contracts with SMI.

Strauch et al. Fair Labor Standards Act Class Action

On July 1, 2014, plaintiffs filed Strauch and Colby v. Computer Sciences Corporation in the U.S. District Court for the District of Connecticut, a putative nationwide class action alleging that CSC violated provisions of the Fair Labor Standards Act ("FLSA") with respect to system administrators who worked for CSC at any time from June 1, 2011, to the present. Plaintiffs claim that CSC improperly classified its system administrators as exempt from the FLSA and that CSC therefore owes them overtime wages and associated relief available under the FLSA and various statutes, including the Connecticut Minimum Wage Act, the California Unfair Competition Law, California Labor Code, California Wage Order No. 4-2001 and the California Private Attorneys General Act. The relief sought by plaintiffs includes unpaid overtime compensation, liquidated damages, pre- and post-judgment interest, damages in the amount of twice the unpaid overtime wages due and civil penalties.

CSC’s position is that its system administrators have the job duties, responsibilities and salaries of exempt employees and are properly classified as exempt from overtime compensation requirements. CSC’s Motion to Transfer Venue was denied in February 2015.

On June 9, 2015, the Court entered an order granting the plaintiffs’ motion for conditional certification of the class of system administrators. The Strauch putative class includes more than 4,000 system administrators. Courts typically undertake a two-stage review in determining whether a suit may proceed as a class action under the FLSA. In its order, the Court noted that, as a first step, the Court examines pleadings and affidavits, and if it finds that proposed class members are similarly situated, the class is conditionally certified. Potential class members are then notified and given an opportunity to opt-in to the action. The second step of the class certification analysis occurs upon completion of discovery. At that point, the Court will examine all evidence then in the record to determine whether there is a sufficient basis to conclude that the proposed class members are similarly situated. If it is determined that they are, the case will proceed to trial; if it is determined they are not, the class is decertified and only the individual claims of the purported class representatives proceed.

The Company’s position in this litigation continues to be that the employees identified as belonging to the conditional class were paid in accordance with the FLSA.

Plaintiffs filed an amended complaint to add additional plaintiffs and allege violations under Missouri and North Carolina wage and hour laws. We do not believe these additional claims differ materially from those in the original complaint. On June 3, 2016, Plaintiffs filed a motion for Rule 23 class certification of California, Connecticut and North Carolina state-law classes. The Company filed its opposition to the motion on July 15, 2016, Plaintiffs filed their reply on August 12, 2016, and oral arguments on the motion were held May 10, 2017.

Kemper Corporate Services, Inc. v. Computer Sciences Corporation

On October 19, 2015, Kemper Corporate Services, Inc. (“Kemper”) filed a demand for arbitration against the Company with the American Arbitration Association (“AAA”). Kemper claims that CSC breached the terms of a Master Software License and Services Agreement dated January 2, 2009 and related Work Orders (the “Agreement”) by failing to make a Java version of certain software generally available to the Company’s licensees by a contractual deadline. Kemper also seeks a rescission of the Agreement based on the alleged failure of the Company to make a Java version of the software generally available to Kemper and other licensees of the Company. The relief sought by Kemper consists of damages claimed to be in the amount of approximately $100,000,000. The Company answered the demand for arbitration denying Kemper’s claims and asserting a counterclaim for approximately $8,000,000 in unpaid invoices for services rendered by the Company.

The Company’s position is that its obligation to meet the original contract deadline for making the Java version generally available was relieved by Kemper’s significant expansion of the original scope of the project, which caused delay in the completion of the project. The Company’s position is also that Kemper’s mismanagement of its responsibilities in the joint undertaking created delay in the project, relieving the Company of any obligation to meet the original contract deadline. Further, the Company’s position is that Kemper agreed to extend the original completion deadline, and subsequently agreed to eliminate the completion deadline altogether. In any event, the Company’s position is that it completed the Java version of the software and delivered it for use by Kemper and made that software generally available to other licensees of the Company.

During the period from April 13, 2017 through April 26, 2017, the AAA conducted an evidentiary hearing on the merits of the claims and counterclaims in the case before a single arbitrator in Dallas, Texas. Post-hearing briefs are scheduled to be filed on June 9, 2017, and response briefs are scheduled to be filed on June 30, 2017. Closing arguments are scheduled to be held on August 28, 2017, with the parties to submit proposed reasoned awards on September 18, 2017. An interim award is scheduled to be issued by October 9, 2017. Depending on the contents of the interim award, the arbitrator may then consider requests for attorneys' fees and expenses.

The Company believes that Kemper's claims are without merit and intends to continue to vigorously defend itself.

Voluntary Disclosure of Certain Possible Sanctions Law Violations

On February 2, 2017, the Company submitted an initial notification of voluntary disclosure regarding certain possible violations of U.S. sanctions laws to the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC") pertaining to insurance premium data and claims data processed by two partially-owned joint ventures of Xchanging, which the Company 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 U.K. The Company's related internal investigation is continuing and the Company has undertaken to provide a full report of its findings to OFAC when completed. Further, the Company has committed to cooperate with OFAC.

In addition to the matters noted above, the Company is currently party to a number of disputes which involve or may involve litigation. The Company accrues a liability when management believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated under ASC 450 "Contingencies." The Company believes it has appropriately recognized liabilities for any such matters. Regarding other matters that may involve actual or threatened disputes or litigation, the Company, in accordance with the applicable reporting requirements, provides disclosure of such matters for which the likelihood of material loss is at least reasonably possible. The Company assessed reasonably possible losses for all other such pending legal or other proceedings in the aggregate and concluded that the range of potential loss is not material.

The Company also considered the requirements regarding estimates used in the disclosure of contingencies under ASC 275 "Risks and Uncertainties." Based on that guidance, the Company determined that supplemental accrual and disclosure was not required for a change in estimate that involves contingencies because the Company determined that it was not reasonably possible that a change in estimate will occur in the near term. The Company reviews contingencies during each interim period and adjusts its accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular matter.

Note 22 - Settlement of SEC Investigation

During the first quarter of fiscal 2016, the previously disclosed agreed-upon settlement with the SEC was formally approved by the SEC. The settlement became effective on June 5, 2015 and the Company paid a penalty of $190 million on June 11, 2015. As part of the settlement, the Company also agreed to implement a review of its compliance policies through an independent compliance consultant and to cease and desist from further violations of the anti-fraud, reporting and books-and-records provisions of the U.S. securities laws. As part of the settlement, the Company neither admitted nor denied the SEC's allegations concerning such matters. Further, as part of the settlement, on June 5, 2015, the Company filed its Form 10-K/A in respect of its fiscal year ended March 28, 2014 in order to restate its financial statements for fiscal 2012 and its summary financial results for fiscal 2011 and 2010 reflected in the five-year financial data table, all as previously set forth in the Company's originally filed Form 10-K for its 2014 fiscal year. The restatement had no impact on the Company's consolidated balance sheets, statements of operations, statements of comprehensive income (loss), statements of cash flows and statements of changes in equity for fiscal 2013 or fiscal 2014 or on its financial statements for fiscal 2015. The independent compliance consultant completed its review of the Company's compliance policies and submitted its report to the SEC on October 2, 2015. The Company has completed implementation of the consultant's recommendations.

Note 23 - Subsequent Events

Merger with HPES

As previously disclosed, effective April 1, 2017, CSC became a wholly owned subsidiary of DXC, an independent public company formed in connection with the spin-off of HPES. DXC common stock began regular-way trading under the symbol “DXC” on the New York Stock Exchange on April 3, 2017.

CSC completed its combination with HPES for purchase consideration of approximately $10 billion. CSC stockholders received one share of DXC common stock for every one share of CSC common stock held immediately prior to the Merger. DXC issued a total of 141,298,797 shares of DXC common stock to CSC stockholders, representing approximately 49.9% of the outstanding shares of DXC common stock immediately following the Merger. As a result of the Merger, the borrowing capacity under the revolving credit facility increased $740 million to a total borrowing capacity of $3.7 billion.

As a result of the Merger, each outstanding Company stock option, stock appreciation right, RSU (including dividend equivalents) and PSU held by the Company’s employees and non-employee directors were converted into an equivalent award of DXC.

Beginning with DXC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2017, DXC will report on a consolidated basis representing the combined operations of CSC and HPES and their respective subsidiaries. Because CSC was deemed the accounting acquirer in this combination under U.S. GAAP, the historical financial statements of CSC will be reflected in DXC's future quarterly and annual reports. Due to the close proximity in timing of the Merger and CSC's filing of this Annual Report on Form 10-K for the fiscal year ended March 31, 2017, the valuation report is not yet available, and the initial accounting for the business combination is incomplete; therefore, the Company is unable to disclose certain information required by ASC 805 "Business Combinations." The Company plans to provide preliminary purchase price allocation information in DXC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2017.

ITEM 8. Supplementary Data

All financial statement schedules have been omitted since they are either not required, not applicable, or the required information is shown in the consolidated financial statements or related notes.

Selected Quarterly Financial Data (Unaudited)

	Fiscal 2017			
(in millions, except per-share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 1,930	$ 1,871	$ 1,917	$ 1,889
Costs of services (excludes depreciation and amortization and restructuring costs)	1,421	1,363	1,347	1,414
Gross profit	$ 509	$ 508	$ 570	$ 475
Restructuring costs	$ 57	$ 25	$ 3	$ 153
(Loss) income from continuing operations before taxes	$ (36)	$ (1)	$ 50	$ (187)
(Loss) income from continuing operations, net of taxes	$ (20)	$ 21	$ 37	$ (138)
Net (loss) income attributable to CSC common shareholders	$ (21)	$ 15	$ 31	$ (148)
(Loss) earnings per common share[1]				
Basic	$ (0.15)	$ 0.11	$ 0.22	$ (1.05)
Diluted	$ (0.15)	$ 0.10	$ 0.21	$ (1.05)
Cash dividend per common share	$ 0.14	$ 0.14	$ 0.14	$ 0.14

	Fiscal 2016			
(in millions, except per-share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 1,804	$ 1,745	$ 1,750	$ 1,807
Costs of services (excludes depreciation and amortization and restructuring costs)	1,272	1,237	1,216	1,460
Gross profit	$ 532	$ 508	$ 534	$ 347
Restructuring costs	$ —	$ 5	$ 7	$ 11
Debt extinguishment costs[2]	$ —	$ —	$ —	$ 95
Income (loss) from continuing operations before taxes	$ 72	$ 47	$ 78	$ (187)
Income (loss) from continuing operations, net of taxes [3]	$ 65	$ 93	$ 22	$ (108)
Income (loss) from discontinued operations, net of taxes	$ 102	$ 84	$ 30	$ (25)
Net income (loss) attributable to CSC common shareholders [3]	$ 163	$ 171	$ 50	$ (133)
Earnings per common share[1]				
Basic				
EPS from continuing operations [3]	$ 0.47	$ 0.68	$ 0.16	$ (0.78)
EPS from discontinued operations	$ 0.71	$ 0.56	$ 0.20	$ (0.18)
Diluted				
EPS from continuing operations [3]	$ 0.46	$ 0.66	$ 0.15	$ (0.78)
EPS from discontinued operations	$ 0.69	$ 0.55	$ 0.20	$ (0.18)
Cash dividend per common share	$ 0.23	$ 0.23	$ 2.39	$ 0.14

[1] Quarterly EPS amounts may not total to the full-year EPS. EPS is calculated based on weighted average shares outstanding for the period. Quarterly weighted average shares may not equal the full-year weighted average shares for the fiscal year.

[2] Fiscal 2016 debt extinguishment costs related to CSC's redemption of all outstanding 6.50% term notes due March 2018 (see Note 12 - "Debt" of the Notes to the consolidated financial statements).

[3] Quarterly amounts for fiscal 2016 have been retrospectively adjusted resulting from the adoption of ASU 2016-09.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the direction and with the participation of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation 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, as of the end of the period covered by this report to ensure that information required to be disclosed by us in the SEC reports (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that CSC's disclosure controls and procedures were effective as of the end of the period covered by this report and that our consolidated financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with generally accepted accounting principles in the United States of America for each of the periods presented herein.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements and receipts and expenditures are being made only in accordance with authorization of management and the directors of CSC; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting based on the criteria and framework established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2017.

We excluded from our assessment the internal control over financial reporting at Xchanging fully acquired on May 5, 2016 whose financial statements constitute 17% of total assets and 6% of revenues of our consolidated financial statements as of March 31, 2017.

The effectiveness of CSC's internal control over financial reporting as of March 31, 2017 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 121 of this Annual Report.

Remediation of Prior Material Weakness

As previously disclosed in Item 9A of our Annual Report for the year ended April 1, 2016 and Item 4 of our fiscal 2017 Form 10-Qs, management identified a material weakness in internal controls over financial reporting related to accounting for income taxes and concluded that its internal control over financial reporting was ineffective over the accounting, presentation and disclosure for income taxes, including the income tax provision and related tax assets and liabilities. In particular:

- Tax analyses were prepared late in the closing process, in part due to changes in information flows related to the implementation of our new financial system; and
- Turnover late in the year in the tax function resulted in ineffective reviews which did not detect certain errors.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

During fiscal 2017 in response to the material weakness identified, management developed and implemented a remediation plan to address the underlying causes of the material weakness, which was subject to senior management review and Audit Committee oversight. The remediation plan included:

- People - new directors hired
- Process Improvement
    - Cross-functional year-end workplan instituted
    - Collaboration with corporate Accounting and Deloitte
    - Prioritization of issue resolution
- Enabling Technology
    - CorpTax functionality utilized to greatest extent possible to eliminate manual work and minimize risk of error

Implementation of the remediation plan described above and the resulting improvements in controls have strengthened our internal control over financial reporting and addressed the related material weakness that was identified during fiscal 2016. As part of our assessment of internal control over financial reporting, management tested and evaluated all controls to assess whether they were designed and operating effectively as of March 31, 2017. Based on this assessment, management concluded that the material weakness was remediated as of March 31, 2017.

Changes in Internal Controls Over Financial Reporting

Except as noted above with respect to the remediation procedures for the previously identified material weaknesses, there were no other changes in our internal control over financial reporting during fiscal 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Computer Sciences Corporation
Tysons, Virginia

We have audited the internal control over financial reporting of Computer Sciences Corporation and subsidiaries (the "Company") as of March 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over the financial reporting at Xchanging plc ("Xchanging") which was acquired on May 5, 2016 and whose financial statements collectively constitute 17% of total assets and 6% of revenues of the consolidated financial statement amounts as of and for the year ended March 31, 2017. Accordingly, our audit did not include the internal control over financial reporting at Xchanging. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the fiscal year ended March 31, 2017 of the Company and our report dated May 25, 2017 expressed an unqualified opinion on those financial statements.

/s/DELOITTE & TOUCHE LLP

McLean, Virginia
May 25, 2017

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

CSC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2).

ITEM 11. EXECUTIVE COMPENSATION

CSC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

CSC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

CSC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2).

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fees

The following table summarizes the aggregate fees billed by CSC's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, which include Deloitte Consulting, for services provided during the last two fiscal years:

(in millions)	Fiscal 2017	Fiscal 2016
Audit Fees[1]	$ 16	$ 13
Audit-Related Fees[2]	3	3
Tax Fees[3]	4	2
All Other Fees [4]	2	4
Total	$ 25	$ 22

[1] Includes fees associated with the audit of our consolidated annual financial statements, review of our consolidated interim financial statements, statutory audits of international subsidiaries and the audit of our internal control over financial reporting.

[2] Consists primarily of fees for due diligence related to mergers and acquisitions, accounting consultations and consultation concerning financial accounting and reporting standards.

[3] Consists of fees for tax compliance, tax planning, and tax advice related to mergers and acquisitions.

[4] Consists primarily of advisory services to analyze and provide recommendations with respect to the rationalization of legal entities in fiscal 2017 and third party IT and other vendor contracts in connection with the separation of the U.S. public sector business in fiscal 2016.

Pre-Approval Policy

The Audit Committee pre-approves all audit, audit-related, tax and all other services to be provided by the independent auditors. The Committee has delegated to its Chairman the authority to pre-approve services to be provided by the independent auditors. The Chairman reports each such pre-approval decision to the full Audit Committee at its next scheduled meeting. All services performed by Deloitte & Touche LLP for fiscal 2017 and 2016 were approved in accordance with the Audit Committee's pre-approval guidelines.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) Consolidated Financial Statements

The financial statements are included under Item 8 of this Annual Report. See the index on page 48.

(3) Exhibits

The following exhibits are filed herewith unless otherwise indicated.

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. and Everett Merger Sub, Inc. (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), as amended by the 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., 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)), as further amended by the 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., 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.001-04850))
2.2	Employee Matters Agreement, dated as of March 31, 2017, by and among the Company, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (incorporated by reference to Exhibit 2.1 to DXC's Current Report on Form 8-K filed April 6, 2017) (001-38033)
2.3	Tax Matters Agreement, dated as of March 31, 2017, by and among the Company, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (incorporated by reference to Exhibit 2.2 to DXC's Current Report on Form 8-K filed April 6, 2017) (001-38033)
2.4	The Master Separation and Distribution Agreement and Ancillary Agreements, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 2.1 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file no.001-04850))
2.5	Amended and Restated Intellectual Property Matters Agreement, dated as of February 10, 2017 between the Company and CSRA Inc.
3.1	Second Amended and Restated Articles of Incorporation of the Company filed with the Nevada Secretary of State on March 31, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (filed April 6, 2017) (file no.001-04850))
3.2	Bylaws of the Company, effective April 1, 2017 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-04850))
3.3	Certificate of Amendment to Section 1 of Article III of the Amended and Restated Bylaws, dated July 11, 2016 (incorporated by reference to Exhibit 3.2.1 to the Company's Current Report on Form 8-K (filed July 15, 2016) (file no.001-04850))
3.4	Certificate of Amendment to Section 1 of Article III of the Amended and Restated Bylaws, dated August 10, 2016 (incorporated by reference to Exhibit 3.2.1 to the Company's Current Report on Form 8-K (filed August 12, 2016) (file no. 001-04850))
4.1	Indenture dated as of March 3, 2008, for the 5.50% senior notes due 2013 and the 6.50% senior notes due 2018 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (filed September 15, 2008) (file no.001-04850))
4.2	Indenture dated as of September 18, 2012, for the 2.500% senior notes due 2015 and the 4.450% senior notes due 2022 by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file no.001-04850))

4.3 First Supplemental Indenture dated as of September 18, 2012, by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee, and attaching a specimen form of the 2.500% Senior Notes due 2015 and the 4.450% Senior Notes due 2022 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file no.001-04850))

4.4 4.450% Senior Note due 2022 (in global form), dated September 18, 2012, among the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K (filed September 19, 2012) (file no.001-04850))

10.1 1998 Stock Incentive Plan* (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 3, 1998) (filed August 14, 1998) (file no.001-04850))

10.2 2001 Stock Incentive Plan* (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2001) (filed June 29, 2001) (file no.001-04850))

10.3 2004 Incentive Plan* (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 9, 2004) (filed June 30, 2004) (file no.001-04850))

10.4 2007 Employee Incentive Plan* (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on July 30, 2007) (filed June 29, 2007) (file no.001-04850))

10.5 2011 Omnibus Incentive Plan*, as amended and restated effective May 14, 2013 (incorporated by reference to Appendix C to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2013) (filed June 28, 2013) (file no.001-04850))

10.6 Form of Award Agreement for Employees* (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.7 Form of Stock Option Agreement for Employees* (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.8 Form of Stock Option Award Agreement under the 2004 Incentive Plan* (incorporated by reference to Exhibit 10.7 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.9 Form of International Stock Option Agreement for Employees* (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.10 Form Stock Option Schedule for United Kingdom Employees under the 2001 Employee Incentive Plan* (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file no.001-04850))

10.11 Form of Restricted Stock Agreements for Employees* (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2005) (filed August 5, 2005) (file no.001-04850))

10.12 Form of Service Based Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.13 Form of Performance Based Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.14 Form of Performance Based Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan* (incorporated by reference to Exhibit 10.4 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.15 Form of Career Shares Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010) (filed February 9, 2011) (file no.001-04850))

10.16 Form of Career Shares Restricted Stock Unit Award Agreement with J. Michael Lawrie* (incorporated by reference to Exhibit 10.2 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.17 Form of Career Shares Restricted Stock Unit Award Agreement with Paul N. Saleh* (incorporated by reference to Exhibit 10.3 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.18 Form of Career Shares Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan* (incorporated by reference to Exhibit 10.5 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.19 Form of Career Shares Restricted Stock Unit Award Agreement under the 2011 Omnibus Incentive Plan* (incorporated by reference to Exhibit 10.6 of the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.20 Form of International Service Based Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file no.001-04850))

10.21 Form of International Performance Based Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file no.001-04850))

10.22 Form of International Career Shares Restricted Stock Unit Agreement for Employees* (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) filed August 10, 2011) (file no.001-04850))

10.23 Form of Senior Management and Key Employee Severance Agreement, as amended and restated effective May 20, 2009* (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 2009) (filed May 29, 2009) (file no.001-04850))

10.24 Employment Agreement, dated February 7, 2012, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 7, 2012) (filed February 8, 2012) (file no.001-04850)), as amended by Amendment effective as of August 25, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed August 25, 2016) (file no. 001-04850))

10.25 Amendment effective as of March 27, 2017 to Employment Agreement dated February 7, 2012, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed March 28, 2017) (file no. 001-04850))

10.26 Service Based Inducement Restricted Stock Unit Award Agreement, dated April 16, 2012, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2012) (filed May 29, 2012) (file no.001-04850))

10.27 Fiscal Year 2013 CEO Stock Option Award Agreement, dated April 16, 2012, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2012) (filed May 29, 2012) (file no.001-04850))

10.28 Fiscal Year 2014 CEO Stock Option Award Agreement, dated May 20, 2013, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2013) (filed August 7, 2013) (file no.001-04850))

10.29 Service Based Inducement Restricted Stock Unit Award Agreement, dated June 15, 2012, between the Company and Paul N. Saleh* (incorporated by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file no.001-04850))

10.30 Form of Performance Based Restricted Stock Unit Award Agreement for Employees* (incorporated by reference to Exhibit 10.26 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file no. 001-04850))

10.31 Form of International Performance Based Restricted Stock Unit Award Agreement for Employees* (incorporated by reference to Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 29, 2012) (filed August 8, 2012) (file no.001-04850))

10.32 Deferred Compensation Plan, amended and restated effective December 31, 2012* (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 28, 2012) (filed February 6, 2013) (file no.001-04850))

10.33 First Amendment to Deferred Compensation Plan* (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2014) (filed May 22, 2014) (file no.001-04850))

10.34 Second Amendment to Computer Sciences Corporation Deferred Compensation Plan1(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016 (filed November 4, 2016) (file no. 001-04850))

10.35 Severance Plan for Senior Management and Key Employees, amended and restated effective October 28, 2007* (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K) (filed November 1, 2007) (file no.001-04850))

10.36 First Amendment to the Severance Plan for Senior Management and Key Employees* (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2013) (filed October 31, 2013) (file no.001-04850))

10.37 Form of Indemnification Agreement for officers and directors* (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 18, 2010) (filed February 22, 2010) (file no.001-04850))

10.38 2010 Non-Employee Director Stock Incentive Plan*, as amended and restated effective May 24, 2013 (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 13, 2013) (filed June 28, 2013) (file no.001-04850))

10.39 1997 Nonemployee Director Stock Incentive Plan* (incorporated by reference to Appendix A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on August 11, 1997) (filed July 2, 1997) (file no.001-04850))

10.40 2006 Nonemployee Director Incentive Plan* (incorporated by reference to Appendix B to the Company's Proxy Statement for the Annual Meeting of Stockholders held on July 31, 2006) (filed June 22, 2006) (file no.001-04850))

10.41 Form of Restricted Stock Unit Agreement for directors* (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2005) (filed August 5, 2005) (file no.001-04850))

10.42 Form of Amendment to Restricted Stock Unit Agreement for directors * (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated December 5, 2005) (filed December 6, 2005) (file no.001-04850))

10.43 Form of Restricted Stock Unit Agreement for directors pursuant to the 2010 Non-Employee Director Incentive Plan* (incorporated by reference to Exhibit 10.32 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2011) (filed August 10, 2011) (file no.001-04850))

10.44 Form of Performance Stock Unit Agreement with Mr. J. Michael Lawrie* (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2014 (filed August 12, 2014) (file no.001-04850))

10.45 Performance-Based Retention Award Agreement, dated December 15, 2015, between the Company and J. Michael Lawrie* (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file no.001-04850))

10.46 Performance-Based Retention Award Agreement, dated December 15, 2015, between the Company and Paul N. Saleh* (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file no.001-04850))

10.47 Form of Performance-Based Retention Award Agreement, dated December 15, 2015* (incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file no.001-04850))

10.48 Tax Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.1 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file no.001-04850))

10.49 Employee Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.2 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file no.001-04850))

10.50 Real Estate Matters Agreement, dated as of November 27, 2015, between the Company and CSRA Inc. (incorporated by reference to Exhibit 10.3 to CSRA Inc.'s Current Report on Form 8-K (filed December 2, 2015) (file no.001-04850))

10.51 Credit Agreement, dated as of October 11, 2013, among the Company, certain subsidiaries of the Company from time to time party thereto, the financial institutions listed therein, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed October 17, 2013) (file number 001-04850))

10.52 Amendment No. 1 dated as of April 21, 2016 to the Credit Agreement dated October 11, 2013, among the Company, the financial institutions listed therein and Citibank, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))

10.53 Amendment No. 2 dated as of June 21, 2016 to the Credit Agreement dated October 11, 2013, among the Company, the financial institutions listed therein, and Citibank, N.A., as Agent (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K (filed June 21, 2016) (file no. 001-04850))

10.54 Waiver and Amendment No. 3 dated Feburary 17, 2017 to the Amended and Restated Credit Agreement dated October 11, 2013, among the Company, the financial institutions listed therein, and Citibank, N.A., as Agent

10.55 Amended and Restated Master Loan and Security, dated April 4, 2016, by and among Bank of America, N.A., as Agent, Banc of America Leasing & Capital, LLC, as Lender, and CSC Asset Funding I LLC, as Borrower, and the Company, as Guarantor (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K (filed April 7, 2016) (file no.001-04850))

10.56 Second Amendment dated February 17, 2017 to the Amended and Restated Master Loan and Security, dated April 4, 2016, by and among Bank of America, N.A., as Agent, Banc of America Leasing & Capital, LLC, as Lender, and CSC Asset Funding I LLC, as Borrower, and the Company, as Guarantor

10.57 Dealer Agreement, dated July 24, 2015, by and between the CSC Capital Funding Limited, as issuer, the Company, as guarantor, Citibank International Limited, as arranger, and the financial institutions listed therein, as dealers (incorporated by reference to Exhibit 99.1 to the Company’s Current Report on Form 8-K (filed July 28, 2015) (file no.001-04850))

10.58 Amendment Agreement dated as of December 16, 2015 to Credit Agreement dated December 18, 2013, by and among Computer Sciences Holdings (UK) Ltd., as borrower, the Company, as guarantor, and Lloyds Bank plc, as lender and agent (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file no.001-04850))

10.59 Credit Agreement, dated as of December 16, 2015, by and among CSC Computer Sciences UK Holdings Limited, as Borrower, the Company, as the Company, the lenders from time to time party thereto, as Lenders, Lloyds Bank PLC, as Administrative Agent, Lloyds Bank PLC and The Bank of Tokyo-Mitsubishi UFJ, LTD., as Joint Lead Arrangers, and Mizuho Bank, LTD., as Arranger (incorporated by reference to Exhibit 10.1 to the Company's Current Report of Form 8-K (filed December 22, 2015) (file no.001-04850))

10.60 Amendment No. 1 dated April 22, 2016 to the Credit Agreement dated December 16, 2015, among CSC Computer Sciences UK Holdings Limited, as borrower, the Company, the lenders party thereto and Lloyds Bank plc, as administrative agent (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))

10.61 Waiver and Amendment No. 2 dated February 17, 2017 to the Credit Agreement dated December 16, 2015, among CSC Computer Sciences UK Holdings Limited, as borrower, the Company, the lenders party thereto and Lloyds Bank plc, as administrative agent

10.62 Term Loan Credit Agreement, dated March 21, 2016, by and among the Company, the financial institutions listed on Schedule I, and Bank of America, N.A. as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K (filed March 22, 2016) (file no.001-04850))

10.63 Waiver and Amendment No. 1 dated February 17, 2017 to the Term Loan Credit Agreement, dated March 21, 2016, by and among the Company, the financial institutions listed on Schedule I, and Bank of America, N.A. as Administrative Agent

10.64 Incremental Assumption Agreement, dated April 1, 2016, by and among Sumitomo Mitsui Banking Corporation, as Incremental Lender, Bank of America, N.A., as Agent, and the Company (incorporated by reference to Exhibit 10.76 to the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2016 (filed June 15, 2016) (file no. 001-04850))

10.65	Incremental Assumption Agreement, dated as of June 15, 2016, by and among the Company, the incremental lenders party thereto and Citibank, N.A. as administrative agent (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))
10.66	Syndicated Facility Agreement, dated July 25, 2016, by and among CSC Australia PTY. Limited and UXC Limited, as borrowers, the Company, as guarantor, the lenders from time to time party thereto and Commonwealth Bank of Australia, as agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed July 28, 2016) (file no. 001-04850))
10.67	Waiver and Amendment No. 2 dated February 17, 2017 to the Syndicated Facility Agreement Syndicated Facility Agreement, dated July 25, 2016, by and among CSC Australia PTY. Limited and UXC Limited, as borrowers, the Company, as guarantor, the lenders from time to time party thereto and Commonwealth Bank of Australia, as agent
10.68	Purchase and Sale Agreement dated as of December 21, 2016, among Computer Sciences Corporation, as Contributing Originator and Servicer, Alliance-One Services, Inc., CSC Agility Platform, Inc., CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation and PDA Software Services LLC, as Originators, and CSC Receivables LLC, as Buyer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))
10.69	Receivables Purchase Agreement dated as of December 21, 2016, among Computer Sciences Corporation, as Servicer, CSC Receivables LLC, as seller, the persons from time to time party thereto as Purchasers and group agents, PNC Bank, National Association, as Administrative Agent and PNC Capital Markets LLC, as structuring agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))
10.70	Performance Guaranty dated as of December 21, 2016, made by Computer Sciences Corporation, as guarantor, in favor of PNC Bank, National Association, as Administrative Agent, for the benefit of the purchasers (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))
12.1	Calculation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preference Dividends
18.1	Preferability Letter on Change in Accounting Principle (incorporated by reference to Exhibit 18.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 4, 2014 (filed August 12, 2014) (file number 001-04850))
23	Consent of Independent Registered Public Accounting Firm
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
99.1	Revised Financial Information Disclosure as a result of the Company's fiscal 2014 divestitures and change in reportable segments (incorporated by reference to Exhibits 99.1 and 99.2 to the Company's Current Report on Form 8-K) (filed February 7, 2014) (file number 001-04850)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

*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.

COMPUTER SCIENCES CORPORATION

Dated: May 25, 2017

By: /s/ Paul N. Saleh

Name: **Paul N. Saleh**

Title: **Executive Vice President and Chief Financial Officer**
Principal Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ J. Michael Lawrie **J. Michael Lawrie**	President and Chief Executive Officer (Principal Executive Officer)	May 25, 2017
/s/ Paul N. Saleh **Paul N. Saleh**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	May 25, 2017
/s/ Neil A. Manna **Neil A. Manna**	Senior Vice President, Controller and Director (Principal Accounting Officer)	May 25, 2017
/s/ William L. Deckelman, Jr. **William L. Deckelman, Jr.**	Director	May 25, 2017
/s/ H. C. Charles Diao **H. C. Charles Diao**	Director	May 25, 2017

DXC.technology

Learn more at
www.dxc.technology

About DXC Technology

DXC Technology (DXC: NYSE) is the world's leading independent, end-to-end IT services company, helping clients harness the power of innovation to thrive on change. Created by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, DXC Technology serves nearly 6,000 private and public sector clients across 70 countries. The company's technology independence, global talent and extensive partner network combine to deliver powerful next-generation IT services and solutions. DXC Technology is recognized among the best corporate citizens globally. For more information, visit www.dxc.technology.

© 2017 DXC Technology Company. All rights reserved.
MD_6008a-18. June 2017

DXC.technology

THRIVE.
GROW.
TOGETHER.

2018 Annual Report

“DXC successfully executed on our strategic roadmap, including the integration of CSC and HPE Enterprise Services, achievement of our first-year financial objectives and a strengthened leadership position in digital transformation.”

Mike Lawrie

Chairman, President and
Chief Executive Officer,
DXC Technology

A letter from Mike Lawrie

On behalf of our Board of Directors and leadership team, I want to thank all those who have contributed to the success of DXC Technology during our inaugural year. Together, we have accomplished a great deal during this period — one defined by significant change, disruption and transformation that has impacted our company, people, clients and industry.

To our people: You have shown incredible drive, resilience and determination, and outstanding commitment to our mission, clients and colleagues. To our clients: We wholeheartedly appreciate the opportunity to serve you and to demonstrate our value and ability to lead your digital future. To our partners: You are essential to our strategy, and we are continually finding new ways to collaborate and innovate. To our investors and shareholders: Your trust in our vision is vital, and we are extremely grateful. To all: We are doing our utmost to continually reinforce your faith, trust and confidence in DXC.

With the debut of our new company on April 3, 2017, our mission and focus were made clear:

- Create a more powerful, versatile, leading end-to-end global technology services business that provides unsurpassed value for our clients, partners and shareholders, along with growth opportunities for our people.
- Establish a highly differentiated brand and vibrant culture — bringing forward the best of what was CSC and HPE Enterprise Services as well as our acquired companies — that is well positioned to innovate, compete and lead clients on their digital transformation journeys.
- Leverage our expertise and industry leadership, intellectual property, offerings and partner capabilities to enable clients to maximize performance and business outcomes from their technology investments.

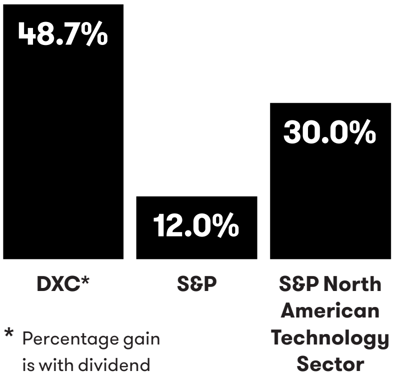
Delivering on the DXC Technology promise

We have successfully established the DXC Technology brand and our global leadership position. We have expanded relationships with existing clients and have won significant new business — much of it with our partners. We have scaled and strengthened our offerings portfolio, expanded our presence in high-growth industries and continued to shift our business mix toward digital offerings. We have been transforming our global workforce, which is fundamental to our ability to serve our clients and enable our people to succeed, learn and grow.

We have taken decisive action to align, adjust and improve our operating model as necessary — for example, fine-tuning our Build, Sell and Deliver functions. We made several important acquisitions to advance our leadership position in key businesses. In addition, the separation of our U.S. Public Sector business and its merger with Vencore Holding Corporation and KeyPoint Government Solutions has produced Perspecta, a stand-alone pure-play, publicly traded leader serving the U.S. government.

Our digital business team is jointly developing advanced digital solutions with clients, leveraging assets from across the company and our partners. Our Digital Transformation Centers throughout the world are working with leading educational institutions to create new opportunities for our people, clients and local communities. Our digital-generation services delivery model, DXC Bionix™, is a comprehensive approach to intelligent automation at the scale required by the world's top companies. Together with Platform DXC, it is a prelude to what's next for DXC.

Total shareholder return
April 3, 2017, through March 29, 2018



* Percentage gain is with dividend

Driving progress and momentum

In fiscal year (FY) 2018, DXC Technology successfully executed on our strategic roadmap, including the integration of CSC and HPE Enterprise Services, achievement of our first-year financial objectives and a strengthened leadership position in digital transformation. We achieved our year-one revenue target and delivered more than $1.1 billion of in-year savings. Adjusting for special items, such as, but not limited to, restructuring costs; transaction, separation and integration-related costs; and amortization of acquired intangible assets, non-GAAP diluted earnings per share (EPS) was $7.94.[1] On a similar basis, adjusted earnings before interest and taxes (EBIT) was $3.499 billion, and adjusted EBIT margin was 14.2 percent.[2]

DXC Technology remains disciplined in the allocation of capital, returning capital to shareholders through dividends and share repurchases while reinvesting in the business, making targeted acquisitions and maintaining an investment-grade credit profile. We completed the spin-out of our U.S. Public Sector business to create Perspecta, and we have positioned DXC Technology to deliver EPS and margin expansion in FY 2019.

Making the shift to growth

The great progress we've made during DXC's first year enables us to make the pivot to growth.

We are well positioned to capitalize on the vast digital opportunity ahead and solidify our position as the world's leading independent, end-to-end IT services provider. We will continue to invest in our people and drive our digital agenda with our partners. As we have successfully transformed our business, so we are helping our clients reimagine theirs.

Thank you for your support and commitment during a successful first year for DXC Technology. We have a great deal to look forward to in the year ahead. Let's thrive and grow, together.

Mike Lawrie
Chairman, President and
Chief Executive Officer

[1] Please see non-GAAP reconciliation to EPS on page 47 of the 10-K.

[2] Please see non-GAAP reconciliation to adjusted EBIT on page 49 of the 10-K. Adjusted EBIT margin is defined as adjusted EBIT as a percentage of revenue.

Our mission is to guide clients on their digital transformation journeys, multiply their capabilities and help them harness the power of innovation to thrive on change.

THRIVE. GROW. TOGETHER.

On April 3, 2017, DXC Technology debuted as the world's leading independent, end-to-end IT services company.

The new company, born from the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise, set out with a clear mission to lead clients on their digital transformation journeys at a time of accelerating change, helping them harness the power of technology to deliver new outcomes for their enterprises.

From Day 1, DXC was on a fast track — establishing our new brand; bringing together our global employee community and launching our leadership team; connecting with clients and breaking new ground with partners; solidifying our digital agenda, offerings and services platform; and driving our integration goals.

The first chapter of the DXC story is now written. Here are some of the highlights that have helped propel the company's pivot to growth.

WE COVERED THE WORLD.
IL, CANADA, CHILE, COLOMBIA, MEXICO, PERU, UNITED STATES, UNITED KINGDOM, IRELAND, AND ISRAEL, AUSTRI
SWITZERLAND, CZECH REPUBLIC, GERMANY, HUNGARY, LITHUANIA, POLAND, ROMANIA, SLOVAKIA, TURKEY, DEN
ND, NORWAY, SWEDEN, NETHERLANDS, FRANCE, ITALY, PORTUGAL, SPAIN, MALTA, BELGIUM, LUXEMBOURG, CHIN
, JAPAN, KOREA, MALAYSIA, PHILIPPINES, SINGAPORE, THAILAND, TAIWAN, VIETNAM, THE MIDDLE EAST, AFRICA,
EW ZEALAND

VIEW THE "DXC TURNS 1" VIDEO AT **WWW.DXC.TECHNOLOGY/DXCTURNS1**.

> "The DXC Technology brand is built on a foundation of trust and transformation, and a relentless drive to help clients thrive on change. We are focused on producing greater value for clients, partners and shareholders, along with growth opportunities for our people."
>
> — **Mike Lawrie**, DXC Chairman, President and CEO

DXC

LISTED

NYSE

DXC AND TEAM PENSKE — DXC IS A PRIMARY SPONSOR OF TEAM PENSKE IN THE VERIZON INDYCAR SERIES PROGRAM. LEFT TO RIGHT: MIKE LAWRIE; TEAM PENSKE DRIVER SIMON PAGENAUD; AND PENSKE CORPORATION FOUNDER AND CHAIRMAN ROGER PENSKE.

The new brand — thrive on change

On Day 1 — April 3, 2017 — DXC employees the world over gathered to welcome and celebrate the new company, as well as our new brand as a global digital transformation leader. The celebrations took place at almost 300 locations and featured new visual identity unveilings, the launch of a new website and intranet, town halls, engaging events with drone flyovers, culturally inspired dancing, client and partner outreach, and branded giveaways. High-profile advertisements appeared in leading media, and social channels were abuzz about the new company.

Engaging and developing employees

DXC employees had multiple pathways to grow skills, knowledge and careers, including DXC University, sales training, partner certification programs, an information-rich intranet called myDXC, a new engagement platform in DXC Workplace by Facebook, and new alliances with colleges and universities. An employee survey provided valuable insights to drive company-wide performance improvement; acting on these suggestions, DXC mobilized cross-functional workstreams to improve mission-critical processes. We also continued to recognize employees through programs such as the DXC Awards for Technical Excellence, which celebrate innovative thinking.

DXC Technology New Orleans Digital Transformation Cent

THE RIBBON IS CUT!
LEFT TO RIGHT: NEW ORLEANS BUSINESS ALLIANCE PRESIDENT AND CEO QUENTIN MESSER; NEW ORLEANS MAYOR LATOYA CANTRELL; LOUISIANA GOVERNOR JOHN BEL EDWARDS; DXC NEW ORLEANS DIGITAL TRANSFORMATION CENTER DIRECTOR TERRELL BOYNTON; DXC EXECUTIVE VICE PRESIDENT, CUSTOMER ADVOCACY AND JOINT VENTURES, JIM SMITH; CHAIRMAN OF STEWART CAPITAL AND OWNER OF THE BUILDING, FRANK STEWART; AND LED SECRETARY DON PIERSON.

Leading digital transformation

DXC's Digital Transformation Team, comprising experts throughout the world, was created to help clients define and realize their digital futures. The team oversees the deployment of DXC's "digital blueprint," which offers clients a single, unified path to manage the uncertainty, complexity and risk of continuous change. By fiscal year end, the team was actively engaging with more than 50 clients — well on the way to accelerating their digital transformation journeys.

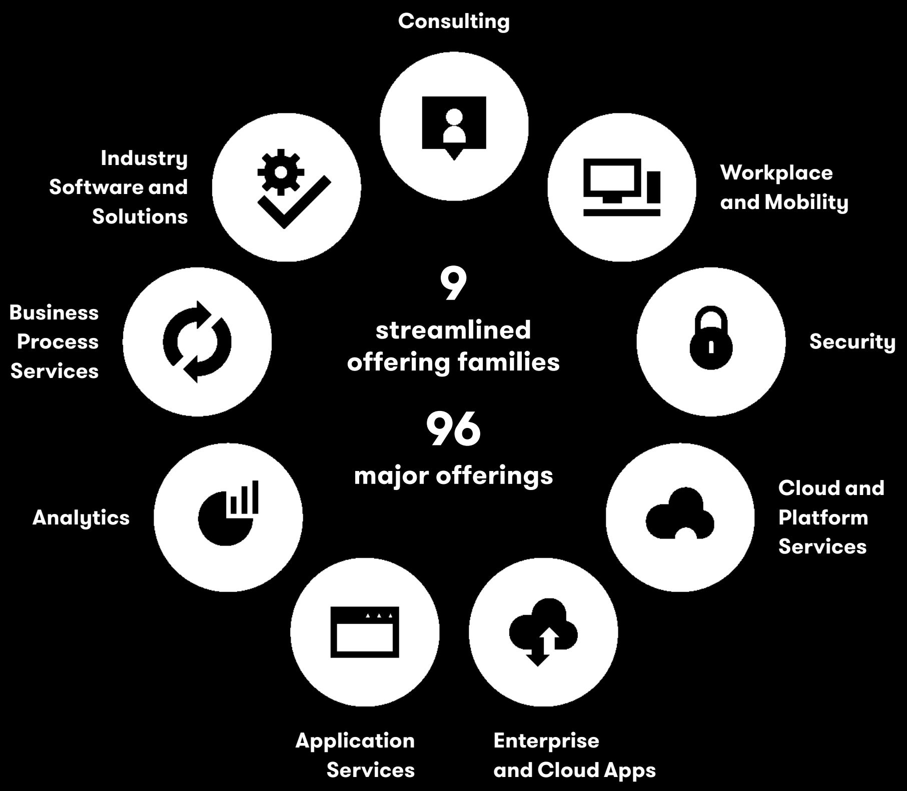
DXC also established five Digital Transformation Centers around the world to provide digital thought leadership, services and solutions to clients, and new career opportunities for our people and partners. Partnerships with local governments and universities provide learning and development programs for employees and are active pipelines for new talent.

DXC Bionix

DXC Bionix, Platform DXC and Agile Process Automation

DXC Bionix is the company's new digital-generation services delivery model. It provides a comprehensive approach to intelligent automation at the scale required by the world's top companies. By leveraging analytics and artificial intelligence, lean processes and leading automation capabilities in our delivery ecosystem, DXC works smarter, faster and more efficiently and securely. This, in turn, enables clients to make more informed decisions, eliminate waste and achieve greater predictability and agility.

With DXC Bionix, we can achieve numerous performance gains, including a 50 to 80 percent reduction in time spent on operations. Underpinning DXC Bionix is Platform DXC, which serves as the foundation for future service delivery and will help drive our clients' digital transformations. One of the first offerings to be powered by DXC Bionix is Agile Process Automation, a new digital platform that combines cloud and robotic process automation with embedded artificial intelligence to enhance a company's business processes.


Consulting
Workplace and Mobility
Security
Cloud and Platform Services
Enterprise and Cloud Apps
Application Services
Analytics
Business Process Services
Industry Software and Solutions
9
streamlined offering families
96
major offerings

DXC'S STREAMLINED GLOBAL OFFERING FAMILIES BUILD ON THE BEST OF INNOVATION, ALIGN WITH CUSTOMER PREFERENCES AND PROVIDE CLARITY FOR CLIENTS.

Winning with clients

In FY 2018, DXC won new business across all industries — with offerings that included analytics, business process services, cloud, security, and workplace and mobility. Here are some examples of recent wins and existing client engagements:

- **BlueScope Steel** was looking to modernize its IT infrastructure. Using an IT-as-a-service model, DXC helped the company deploy real-time automation and improved tracking, saving $2 million annually in supply chain costs.
- **Zurich Insurance Group** wanted to transform its traditional data center into a cloud-based operation. Using our next-generation platform-as-a-service model, DXC helped the company move workloads to the private cloud, which helped reduce operating costs by 30 percent.
- **Union Insurance** aimed to migrate its IT infrastructure and workloads to Amazon Web Services, and DXC is building and maintaining the company's complete cloud infrastructure, a digital transformation that will result in improved flexibility and return on investment.
- **Lloyd's Market Association** and the **International Underwriting Association** were looking to transform their legacy infrastructure environments to hybrid cloud. Leveraging our deep industry expertise and insurance software portfolio, DXC is helping modernize processing of claims and premiums, which will result in cost reductions and better security.
- **Makkah Region Development Authority** needed to reduce crowding on one of the world's most intensively used metro lines in Mecca, Saudi Arabia. DXC deployed a crowd management solution that provides real-time analytics, resulting in improved scheduling of pilgrim visitations and reduced risk of overcrowding at key transit stations.
- **Everest Re** wanted to transform 40 years of data for its global reinsurance subsidies from legacy systems to an end-to-end, single-data business processing platform. After deploying DXC's Xuber for Reinsurers platform, the company is seeing numerous benefits, including greater cost efficiencies, enhanced data analytics and improved compliance.

DXC AND OUR PARTNER NETWORK HELP OUR CLIENTS HARNESS THE POWER OF TECHNOLOGY TO TRANSFORM THEIR BUSINESSES.

DXC Partner Network

With more than 250 industry-leading Strategic and Solution Partners, DXC is delivering independent technology solutions to drive digital transformation by solving client challenges and producing positive business outcomes. Solutions delivered with our Strategic Partners in FY 2018 include the following:

- With **Microsoft**, DXC enhanced client cloud options with DXC Application Services for Microsoft Azure and launched an Azure-based analytics offering to deliver social media intelligence and other capabilities.
- With **Amazon Web Services (AWS)**, DXC introduced a Digital Insurance as a Service offering that provides clients with bundled insurance applications and business process services with simplified pricing.
- In collaboration with Strategic Partner **PwC**, as well as Solution Partners **Blue Prism** and **UiPath**, DXC debuted DXC Agile Process Automation to transform business processes with data discovery robotics.
- Helping clients improve efficiency, productivity and security for cloud-based networks across the enterprise, DXC and **AT&T** launched a third-party virtual network function based on AT&T FlexWare.
- Partner awards include Productivity Partner of the Year from **Microsoft** and two Partner of the Year awards from **Dell EMC**.

Solutions delivered with our Solution Partners in FY 2018 include the following:

- DXC became one of the first providers of **VMware** Cloud on **AWS** with managed services to accelerate client migrations.
- DXC Accelerate for **Workday** is an innovative human resources and payroll deployment package for clients with 3,500 to 15,000 employees.

Expanding the franchise

DXC acquired **Tribridge**, which combined with DXC Eclipse to make DXC the largest independent integrator of Microsoft Dynamics software globally. By fiscal year end, DXC was finalizing acquisitions of **Sable37** and **eBECS** to further enhance DXC Eclipse's industry leadership and adding scale to its digital transformation strategy.

The addition of **Logicalis SMC**, one of the Netherlands' leading providers of technology-enabled solutions for the service management sector, builds on DXC's prior acquisition of Fruition Partners to become ServiceNow's largest dedicated global integration partner and leading cloud-based service management solutions provider.

DXC also acquired Australia-based Oracle Cloud provider **M-Power Solutions** and added the company to the DXC Red Rock practice, and we invested in **Virtual Clarity**, a leading provider of IT-as-a-service transformation with extensive experience in digital cloud transformation.

Introducing Perspecta

During this fiscal year, the DXC Board of Directors unanimously approved a plan to combine the company's U.S. Public Sector (USPS) business with Vencore Holding Corporation and KeyPoint Government Solutions to form a separate, independent, publicly traded company to serve U.S. public sector clients. Speaking at the time of the announcement, Mike Lawrie, DXC chairman, president and CEO, said: *"Separating our global commercial and USPS business, and combining it with Vencore and KeyPoint, will accelerate transformation with two strategically focused companies, each uniquely positioned to lead its market by prioritizing the needs of its clients."*

Industry analysts affirm DXC's leadership

Leading industry analysts named DXC a "**Leader**" more than 50 times in categories across our offerings portfolio, including cloud, cybersecurity, workplace and infrastructure. DXC was also recognized for our leadership in insurance and healthcare, as well as our digital capabilities; Thomson Reuters named DXC one of its **Top 100 Global Technology Leaders**; and CNBC named DXC a top performer on its **IQ 100 Index** of most innovative companies.

Trends shaping digital transformation and thought leadership

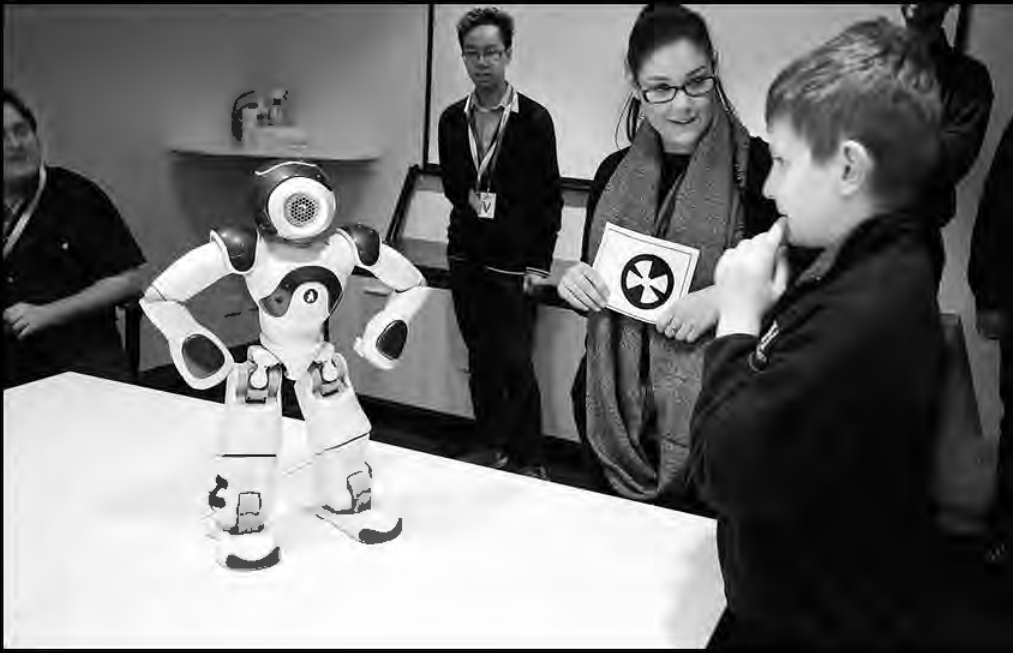
DXC's thought leadership efforts brought forward the views of industry and technology experts in a variety of forums, including the **BBC's "The Disruptors"** series, ***The Economist*** series "**How real-world innovators thrive on change**," a survey with the ***Harvard Business Review*** on "**Winning Through Change in the Digital Economy**" and a collaboration with ***Wired*** magazine that yielded compelling insights into how technology and innovation can help enterprises thrive in the digital era. DXC also informs technology leaders through our Leading Edge Forum global research program and through position papers from our CTO Office, such as the "Transforming to a Digital Enterprise" series, that establish our point of view in key technology areas for our clients.

Building brand awareness

DXC has already gained traction as a familiar brand, climbing to the middle of the pack on the list of **Top 10 Most Valuable Brands** in IT services, according to a study published by **Brand Finance** in March 2018. In addition, a survey by independent market research vendor **Illuminas** revealed that less than a year after the company's launch, 60 percent of business and technology decision makers were **aware of the DXC brand** and 27 percent were very familiar with it.

Serving communities and those in need

DXC is involved in many initiatives that benefit the communities we serve. A few examples: The Dandelion Program focuses on building and developing valuable technical, life and executive functioning skills among individuals on the autism spectrum. DXC Codes (pictured, right) is a global DXC Foundation initiative that introduces children to science, technology, engineering, and mathematics activities and careers with a fun and engaging IT challenge and competition. And in FY 2018, DXC and our employee community came to the aid of colleagues and communities affected by the devastation wrought by hurricanes in Florida, Puerto Rico and Texas.



A responsible corporate citizen

With good corporate citizenship among the company's highest priorities, DXC earned important corporate recognitions:

DXC was ranked in the top 20 of the **Top 100 Best Corporate Citizens for 2018** by *CR Magazine*. *CR Magazine* is the leading voice on corporate responsibility in the United States. This annual listing recognizes the performance of public companies for delivering on their commitments to transparency and accountability in highly competitive industries.

DXC was ranked in the **Dow Jones Sustainability Index (DJSI) North America 2017**. The DJSI is a leading global sustainability benchmark tracking performance of the world's leading companies in terms of economic, environmental and social criteria.

DXC received a **Leading Disability Employer Seal for 2017** from the National Organization on Disability in the United States.

DXC received a score of 100 percent on the **2017 Disability Equality Index**, based on accessibility, community engagement and other measures.

To learn more about DXC Technology's accomplishments and capabilities, visit the company's website at **www.dxc.technology**.

2018 Directors and Executive Officers of DXC Technology

Board of Directors

J. Michael Lawrie
Chairman, President and
Chief Executive Officer,
DXC Technology

Mukesh Aghi [2]
President, U.S.-India Business Council

Amy E. Alving [3]
Former Senior Vice President and Chief Technology Officer, Leidos Holdings, Inc. (formerly Science Applications International Corporation [SAIC])

David L. Herzog [1]
Former Executive Vice President
and Chief Financial Officer,
American International Group

Mary L. Krakauer [3]
Former Executive Vice President
and Chief Information Officer,
Dell Corporation

Sachin Lawande [2]
President and Chief Executive Officer,
Visteon Corporation

Julio A. Portalatin [2]
President and Chief Executive Officer,
Mercer Consulting Group, Inc.

Peter Rutland *[1]
Partner and Global Co-Head
of Financial Services,
CVC Capital Partners Limited

Manoj P. Singh [3]
Former Chief Operating Officer
and Global Managing Director,
Deloitte Touche Tohmatsu, Limited

Robert F. Woods [1]
Former Senior Vice President
and Chief Financial Officer,
SunGard Data Systems, Inc.

Executive Officers

J. Michael Lawrie
Chairman, President and
Chief Executive Officer

Paul N. Saleh
Executive Vice President
and Chief Financial Officer

William L. Deckelman Jr.
Executive Vice President,
General Counsel and Secretary

Stephen Hilton
Executive Vice President,
Global Delivery Organization

Joanne Mason
Executive Vice President and
Chief Human Resources Officer

Neil A. Manna
Senior Vice President and Corporate Controller

Committee memberships

1. Audit
2. Compensation
3. Nominating/Corporate Governance

* Lead Independent Director

DXC Shareholder Information

Stock Information

Common stock symbol: DXC, listed and traded on the New York Stock Exchange. Shares of common stock outstanding were 283,950,502 shares as of June 18, 2018. There were 49,428 stockholders of record as of June 18, 2018.

Transfer Agent and Registrar

All inquiries concerning registered shareholder accounts and stock transfer matters, including address changes and consolidation of multiple accounts, should be directed to EQ Shareowner Services, DXC's transfer agent and registrar.

Shareholder correspondence should be mailed to:

Regular mail:
EQ Shareowner Services
P.O. Box 64874
St. Paul, MN 55164-0874

First Class, registered and certified mail:
EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
www.shareowneronline.com

By phone:
1.800.468.9716 (U.S. Domestic)
1.651.450.4064 (International)

Financial Community Information

Institutional and individual investors, financial analysts and portfolio managers should contact:

DXC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
1.703.245.9700
investor.relations@dxc.com

Written requests, including requests for DXC filings with the U.S. Securities and Exchange Commission (SEC), should be directed to:

DXC Investor Relations
1775 Tysons Boulevard
Tysons, VA 22102
investor.relations@dxc.com

To enroll in electronic delivery of DXC's Proxy Statement, Annual Report and other materials, log on to www.proxyvote.com.

DXC Website

Additional DXC information is available at www.dxc.technology, including all of the documents DXC files with or furnishes to the SEC, which are available free of charge.

Annual Meeting

The Annual Meeting of Stockholders will be held on August 15, 2018, at 10:30 a.m. Eastern Time and will be a virtual meeting conducted via live webcast. Attend the meeting online and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/DXC2018.

To participate in the Annual Meeting, you will need the 16-digit control number included on your notice of internet availability of the proxy materials, on your proxy card or on the instructions that accompany your proxy materials.

Independent Auditors

Deloitte & Touche LLP
7900 Tysons One Place, Suite 800
McLean, VA 22102

Forward-Looking Statements

All statements in this Annual Report that do not directly and exclusively relate to historical facts constitute "forward-looking statements." These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. 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. For a written description of these factors, see the section titled "Risk Factors" in DXC's Form 10-K for the fiscal year ended March 31, 2018 and any updating information in subsequent SEC filings. 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 Annual Report or to reflect the occurrence of unanticipated events except as required by law.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2018

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

DXC.technology

DXC TECHNOLOGY COMPANY

(Exact name of Registrant as specified in its charter)

Nevada	**61-1800317**
(State of incorporation or organization)	(I.R.S. Employer Identification No.)
1775 Tysons Boulevard **Tysons, Virginia**	**22102**
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: **(703) 245-9675**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**New York Stock Exchange**
2.750% Senior Notes due 2025	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one).

Large Accelerated Filer ☒	Accelerated Filer □
Non-accelerated Filer □ (do not check if a smaller reporting company)	
Smaller reporting company □	Emerging growth company □

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). □ Yes ☒ No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on September 29, 2017, based upon the closing price of a share of the registrant’s common stock on that date, was $24,415,505,112.

284,792,350 shares of common stock, par value $0.01 per share, were outstanding as of May 11, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2018 Annual Meeting of Stockholders (the "2018 Proxy Statement"), which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of March 31, 2018, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

TABLE OF CONTENTS

Item		Page
	PART I	
1.	Business	2
1A.	Risk Factors	10
1B.	Unresolved Staff Comments	28
2.	Properties	28
3.	Legal Proceedings	28
4.	Mine Safety Disclosures	28
	PART II	
5.	Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	29
6.	Selected Financial Data	32
7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	34
7A.	Quantitative and Qualitative Disclosures about Market Risk	57
8.	Financial Statements and Supplementary Data	59
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	139
9A.	Controls and Procedures	139
9B.	Other Information	141
	PART III	
10.	Directors, Executive Officers and Corporate Governance	141
11.	Executive Compensation	141
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	141
13.	Certain Relationships and Related Transactions, and Director Independence	142
14.	Principal Accountant Fees and Services	142
	PART IV	
15.	Exhibits, Financial Statement Schedules	142
16.	Form 10-K Summary	147

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements and assumptions contained in this Annual Report on Form 10-K 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 ongoing integration of the businesses, operations and culture of Computer Sciences Corporation ("CSC") and Enterprise Services business of Hewlett Packard Enterprise Company ("HPES") 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 (defined below) 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;*
- *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 and respond to emerging technological trends;*
- *the execution and performance of contracts by us and our suppliers, customers, clients and partners;*
- *the resolution of pending investigations, claims and disputes;*
- *risks relating to the respective abilities of the parties to the USPS Separation and Mergers (defined below) to satisfy the conditions to, and to otherwise consummate, the USPS Separation and Mergers and to achieve the expected results therefrom; and*
- *the other factors described under Item 1A. “Risk Factors.”*

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. Any forward-looking statement made by us in this Annual Report on Form 10-K speaks only as of the date on which this Annual Report on Form 10-K was first filed. 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 report or to reflect the occurrence of unanticipated events, except as required by law.

Throughout this report, we refer to DXC Technology Company, together with its consolidated subsidiaries, as “we,” “us,” “our,” “DXC,” or the “Company.” In order to make this report easier to read, we also refer throughout to (i) our Consolidated Financial Statements as our “Financial Statements,” (ii) our Consolidated Statements of Operations as our “Statements of Operations,” (iii) our Consolidated Balance Sheets as our “Balance Sheets” and (iv) our Consolidated Statements of Cash Flows as our “Statements of Cash Flows.” In addition, references throughout to numbered “Notes” refer to the numbered Notes to our Financial Statements that we include in the Financial Statements section of this report.

PART I

ITEM 1. BUSINESS

Overview

DXC, a Nevada corporation, is the world's leading independent, end-to-end IT services company, serving nearly 6,000 private and public-sector clients from a diverse array of industries across 70 countries. The company's technology independence, global talent and extensive partner network deliver transformative digital offerings and solutions that help clients harness the power of innovation to thrive on change.

Businesses in today's complex and demanding business environment are increasingly seeking to integrate digital technology into every aspect of their business resulting in fundamental changes to how they operate and deliver value to their customers. We work with our clients to solve challenges in ways that maximize opportunity and minimize business risk. Our world-class talent becomes part of our clients’ teams, innovating with them, putting the right technology to work for their organizations and leading them through accelerating change to deliver new outcomes for their business.

Our business strategy is supported by a framework that focuses on the following three pillars:

- Help clients advance their digital transformations by decreasing IT infrastructure costs and reinvesting in innovation;
- Invest in our people to nurture next-generation skills and leadership development; and
- Deliver value by achieving results for our clients and stakeholders.

History and Development

DXC was formed on April 1, 2017, when Computer Sciences Corporation (“CSC”), Hewlett Packard Enterprise Company (“HPE”), Everett SpinCo, Inc.(“Everett”), and New Everett Merger Sub Inc., a wholly-owned subsidiary of Everett (“Merger Sub”), completed the strategic combination of CSC with the Enterprise Services business of HPE (“HPES”). The combination was accomplished through a series of transactions that included the transfer by HPE of HPES to Everett, spin-off by HPE of Everett on March 31, 2017, and the merger of Merger Sub with and into CSC on April 1, 2017 (the “HPES Merger”). At the time of the HPES Merger, Everett was renamed DXC, and as a result of the HPES Merger, CSC became a direct wholly owned subsidiary of DXC. DXC common stock began regular-way trading under the symbol “DXC” on the New York Stock Exchange on April 3, 2017. See Note 2 - "Acquisitions" for more information.

USPS Separation and Mergers

On October 11, 2017, DXC announced that it had entered into an Agreement and Plan of Merger with Perspecta Inc., Ultra First VMS Inc., Ultra Second VMS LLC, Ultra KMS Inc., Vencore Holding Corp. (“Vencore”), KGS Holding Corp (“KeyPoint”), The SI Organization Holdings LLC and KGS Holding LLC (the “Perspecta Merger Agreement”). The Perspecta Merger Agreement provides that DXC will spin off its U.S. public sector business, USPS, and combine it with Vencore and KeyPoint to form a separate, independent publicly traded company, Perspecta Inc., to serve U.S. public sector clients (collectively, the "USPS Separation and Mergers"). See "Segments and Services" below for more information about USPS.

Acquisitions and Divestitures

In addition to the HPES Merger, during fiscal 2018 we completed the acquisition of Tribridge Holdings LLC ("Tribridge"), an independent integrator of Microsoft Dynamics 365. The acquisition includes the Tribridge affiliate company, Concerto Cloud Services LLC. The combination of Tribridge with DXC extended our leadership in the Microsoft Dynamics 365 global systems integration business.

Segments and Services

Our reportable segments are Global Business Services ("GBS"), Global Infrastructure Services ("GIS") and United States Public Sector ("USPS").

Global Business Services

GBS provides innovative technology solutions that help our 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.* We provide industry, business process systems integration and technical delivery experience to maximize value from enterprise application portfolios. We also help clients accelerate their digital transformations and business results with industry, business, technology and complex integration services.
- *Application Services.* Our comprehensive services help clients modernize, develop, test and manage their applications.
- *Analytics.* Our portfolio of analytics services and robust partner ecosystem helps clients gain rapid insights and accelerate their digital transformation journeys.
- *Business Process Services.* We provide seamless digital integration and optimization of front and back office processes, including our Agile Process Automation approach.
- *Industry Software and Solutions.* Our industry-specific solutions enable businesses to quickly integrate technology, transform their operations and develop new ways of doing business. Our 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.* We help clients maximize their private cloud, public cloud and legacy infrastructures, as well as securely manage their hybrid environments.
- *Workplace and Mobility*. Our workplace, mobility and Internet of Things ("IoT") services provide a consumer-like experience with enterprise security and instant connectivity for our clients.
- *Security.* Our security solutions help predict attacks, proactively respond to threats, ensure compliance and protect data, applications, infrastructure and endpoints.

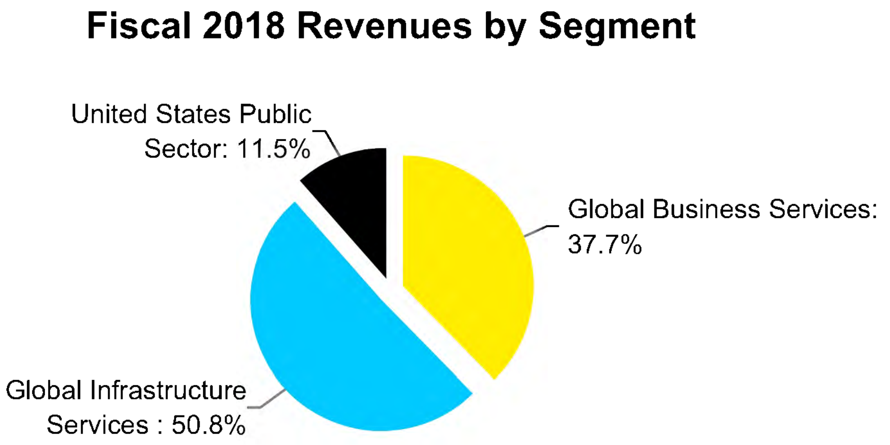
United States Public Sector

USPS delivers IT services and business solutions to all levels of government in the United States. USPS's enterprise-based offerings and solutions for its U.S. government customers include:

- *Cloud, Platform and IT Outsourcing ("ITO") Services.* Through our cloud, platform and ITO solutions, USPS is able to help its public sector clients transform to hybrid infrastructure and bridge private and public cloud environments into their legacy infrastructure.
- *Enterprise and Cloud Applications.* Our applications services and program excellence solutions for its U.S. government customers covers four areas: application modernization and transformation; application development; testing and digital assurance; and application management.
- *Enterprise Security*. Our enterprise security solutions include building security infrastructures into the fabric of U.S. government agencies' digital enterprises.
- *Mobility and Workplace*. We offer, through three primary focus areas, a full range of services for converged mobility and workplace management: (i) Mobile Enterprise Services allows clients to manage their mobile environment as a service with solutions for procurement, provisioning, refresh, proactive Enterprise Mobility Management ("EMM"), hardware and software support, security, and business usage analytics; (ii) Virtual Desktop and Application Services untethers data and desktop applications from physical user devices to give workforces and partners secure access to desktops, applications, and data from any device, anywhere; and (iii) Workplace Device Services transforms traditional workplace environments to deliver a comprehensive, secure, flexible and configurable environment that provides lightweight management of desktops, laptops and mobile.
- *Analytics*. We offer a complete portfolio of analytics services such as analytics platforms, information governance, artificial intelligence and advisory services, to rapidly provide insights and accelerate our public sector customers' digital transformation.

On October 11, 2017, we announced our plan to spin off our USPS business. See "USPS Separation and Mergers" above.

During fiscal 2018 our revenues mix by segment was as follows:

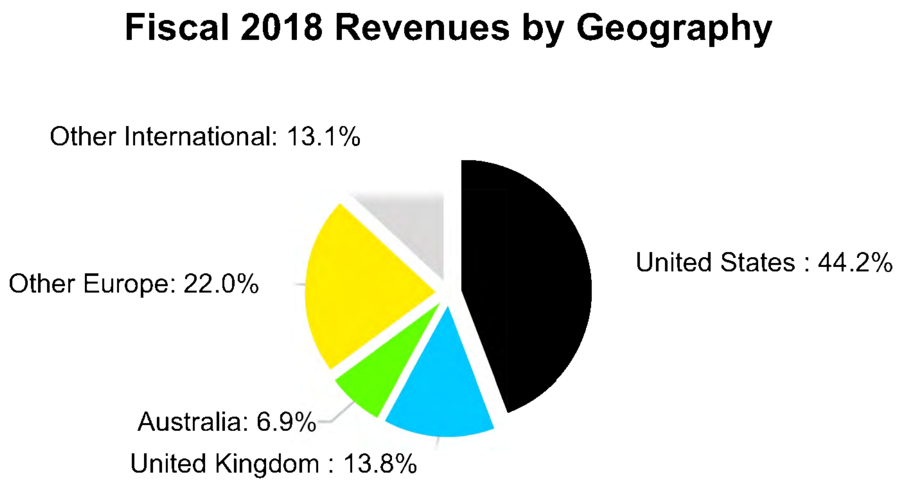


See Note 18 - "Segment and Geographic Information" for additional information related to our reportable segments, including the disclosure of segment revenues, segment profit and financial information by geographic area.

Sales and Marketing

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. No individual customer exceeded 10% of our consolidated revenues for fiscal 2018, 2017 or 2016.

For fiscal 2018, the distribution of our revenues across geographies was as follows:



For a discussion of risks associated with our foreign operations, see Part I, Item 1A "Risk Factors" of this Annual Report.

Seasonality

General economic conditions have an impact on our business and financial results. The markets in which we sell our products, services and solutions occasionally experience weak economic conditions that may negatively affect sales. We also experience some seasonal trends in the sale of our services. For example, contract awards are often tied to the timing of our clients' fiscal year-ends, and we also experience seasonality related to our own fiscal year-end selling activities.

Competition

The IT and professional services markets in which we compete are highly competitive and are not dominated by a single company or a small number of companies. A substantial number of companies offer services that overlap and are competitive with those we offer. In addition, the increased importance of offshore labor centers has brought several foreign-based firms into competition with us.

Our competitors include:

- large multinational enterprises that offer some or all of the services and solutions that we do;
- smaller companies that offer focused services and solutions similar to those that we offer;
- offshore service providers in lower-cost locations, particularly in India, that sell directly to end-users;
- solution or service providers that compete with us in a specific industry segment or service area; and
- in-house functions of corporations that use their own resources, rather than engage an outside IT services provider.

The principal methods of competition in the markets for our solutions and services include:

- vision and strategic advisory ability;
- digital services capabilities;
- performance and reliability;
- responsiveness to client needs;
- competitive pricing of services;
- technical and industry expertise;
- reputation and experience;
- quality of solutions and services; and
- financial stability and strong corporate governance.

Our ability to obtain new business and retain existing business is dependent upon the following:

- technology, industry and systems know-how with an independent perspective on the best client solutions across software, hardware, and service providers;
- ability to offer improved strategic frameworks and technical solutions;
- investments in our digital services and solutions;
- focus on responsiveness to customer needs, quality of services and competitive prices;
- successful management of our relationships with leading strategic and solution partners in hardware, networking, cloud, applications and software;
- project management experience and capabilities;
- end-to-end spectrum of IT and professional services we provide; and
- financial stability and strong corporate governance.

Intellectual Property

We rely on a combination of trade secrets, patents, copyrights, and trademarks, as well as contractual protections, to protect our business interests. While our technical services and products are not generally dependent upon patent protection, we do selectively seek patent protection for certain inventions likely to be incorporated into products and services or where obtaining such proprietary rights will improve our competitive position.

As our patent portfolio has been built over time, the remaining terms of the individual patents across the patent portfolio vary. We believe that our patents and patent applications are important for maintaining the competitive differentiation of our solutions and services and enhancing our freedom of action to sell solutions and services in markets in which we choose to participate. No single patent is in itself essential to our company as a whole or to any business segment.

Additionally, we own or have rights to various trademarks, logos, service marks, and trade names that are used in the operation of our business. We also own or have the rights to copyrights that protect the content of our products and other proprietary materials.

In addition to developing our intellectual property portfolio, we license intellectual property rights from third parties as we deem appropriate. We have also granted and plan to continue to grant to others licenses under our intellectual property rights when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

Environmental Regulation

Our operations are subject to regulation under various federal, state, local, and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the clean-up of contaminated sites. Environmental costs and accruals are presently not material to our operations, cash flows or financial position, and we do not currently anticipate material capital expenditures for environmental control facilities. However, we could incur substantial costs, including clean-up costs, fines and civil or criminal sanctions and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws, or if new environmental legislation is passed which impacts our business.

Employees

As of March 31, 2018, we employed approximately 150,000 employees and had offices and operations in 70 countries.

Available Information

We use our corporate website, *www.dxc.technology*, as a routine channel for distribution of important information, including detailed company information, financial news, SEC filings, Annual Reports, historical stock information and links to a recent earnings call webcast. DXC's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, and the Proxy Statements for our Annual Meetings of Stockholders are made available, free of charge, on our corporate website as soon as reasonably practicable after such reports have been filed with or furnished to the SEC. Our corporate governance guidelines, Board of Directors' committee charters (including the charters of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee) and code of ethics entitled "Code of Business Conduct" are also available on our website. The information on our website is not incorporated by reference into, and is not a part of, this report.

Any materials we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC, 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (*http://www.sec.gov*) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Executive Officers of the Registrant

Name	Age	Year First Elected as Officer	Term as an Officer	Position Held With the Registrant as of the filing date	Family Relationship
J. Michael Lawrie	64	2017	Indefinite	Chairman, President and Chief Executive Officer	None
Paul N. Saleh	61	2017	Indefinite	Executive Vice President and Chief Financial Officer	None
William L. Deckelman, Jr.	60	2017	Indefinite	Executive Vice President, General Counsel and Secretary	None
Stephen Hilton	47	2017	Indefinite	Executive Vice President, Global Delivery Organization	None
Joanne Mason	50	2017	Indefinite	Executive Vice President and Chief Human Resources Officer	None
Neil A. Manna	55	2017	Indefinite	Senior Vice President, Corporate Controller and Principal Accounting Officer	None

Business Experience of Executive Officers

J. Michael Lawrie has served as Chairman, President and Chief Executive Officer of DXC and as a member of the Board of Directors of DXC since the completion of the HPES Merger. Mr. Lawrie previously served as Chairman, President and Chief Executive Officer of CSC. Mr. Lawrie joined CSC as President and Chief Executive Officer on March 19, 2012, and as a member of its Board of Directors in February 2012. On December 15, 2015, Mr. Lawrie was appointed chairman of the CSC Board of Directors. Prior to joining CSC, he served as the Chief Executive Officer of U.K.-based Misys plc, a leading global IT solutions provider to the financial services industry, from November 2006 to March 2012. Mr. Lawrie also served as the Executive Chairman of Allscripts-Misys Healthcare Solutions, Inc., from October 2008 to August 2010. From 2005 to 2006, Mr. Lawrie was a general partner with ValueAct Capital, a San Francisco-based private investment firm. He also served as Chief Executive Officer of Siebel Systems, Inc., an international software and solutions company, from 2004 to 2005. Mr. Lawrie also spent 27 years with IBM where he rose to Senior Vice President and Group Executive, responsible for sales and distribution of all IBM products and services worldwide. From 1998 to 2001, Mr. Lawrie was General Manager for IBM’s business in Europe, the Middle East and Africa, which included operations in 124 countries and 90,000 employees. Prior to that, Mr. Lawrie served as General Manager of Industries for IBM’s business operations in Asia Pacific, based in Tokyo. Mr. Lawrie is a Trustee of Drexel University, Philadelphia. We believe Mr. Lawrie’s knowledge of the IT solutions industry and many years of experience as the Chief Executive Officer of DXC and CSC make him well-qualified to serve as a member of our board of directors.

Paul N. Saleh has served as Executive Vice President and Chief Financial Officer of DXC since the completion of the HPES Merger. Mr. Saleh previously served as executive vice president and Chief Financial Officer of CSC. Mr. Saleh joined CSC as Vice President and Chief Financial Officer on May 23, 2012. Prior to joining CSC, Mr. Saleh served as the Chief Financial Officer of Gannett Co. from 2010 to 2012. Prior to his tenure at Gannett Co., from 2008 to 2010, Mr. Saleh was a Managing Partner at Menza Partners, an operational and financial advisory group focusing on media, telecommunications and technology industries. Prior to that, he served as Chief Financial Officer of Sprint Nextel Communications from 2001 to 2007 and as Interim Chief Executive Officer of Sprint Nextel until 2008. He served as Senior Vice President and Chief Financial Officer of Walt Disney International where he also held various other senior positions from 1997 to 2001.

William L. Deckelman, Jr. has served as Executive Vice President, General Counsel and Secretary of DXC since the completion of the HPES Merger. Mr. Deckelman previously served as Executive Vice President and General Counsel of CSC. Mr. Deckelman joined CSC in January 2008 and served as Vice President, General Counsel and Secretary from 2008 to 2012, and as Executive Vice President and General Counsel from 2012 to August 2014. Prior to joining CSC, Mr. Deckelman served as Executive Vice President and General Counsel of Affiliated Computer Services Inc. from 2000 to 2008, and served as a director from 2000 to 2003, holding various executive positions there since 1989.

Stephen Hilton has served as Executive Vice President, Global Delivery Organization of DXC since the completion of the HPES Merger. Mr. Hilton previously served as the Executive Vice President and General Manager, Global Infrastructure Services of CSC. Mr. Hilton joined CSC in 2015. Prior to joining CSC, from 2006 to 2014, Mr. Hilton served as Managing Director and Chief Information Officer, Technology Infrastructure Services, and as Head of Corporate Real Estate & Services at Credit Suisse. Prior to his tenure at Credit Suisse, Mr. Hilton served from 2003 to 2006 in an Information Technology leadership role at JP Morgan Chase. Prior to that, from 1996 to 2003, Mr. Hilton worked at CSC as a service delivery executive, technical architect and business development/sales director and was based in London, Singapore and New York.

Joanne Mason has served as Executive Vice President and Chief Human Resources Officer of DXC since the completion of the HPES Merger. Ms. Mason served as Chief Human Resource Officer and Vice President of CSC since March 2015. Ms. Mason joined CSC in March 2012 as Chief of Staff and Head of Change Management and Execution Office. Prior to joining CSC, from October 2006 to March 2012, Ms. Mason served as Chief of Staff and Operation Director at Misys plc. Ms. Mason previously served in various management roles at Zouk Capital from 2004 to 2006, Lendlease Group from 2002 to 2004 and Energis Communications Ltd. from 1999 to 2002.

Neil A. Manna has served as Senior Vice President, Corporate Controller and Principal Accounting Officer of DXC since the completion of the HPES Merger. Mr. Manna previously served as Principal Accounting Officer, Vice President and Controller of CSC. Mr. Manna joined CSC on June 7, 2016. Prior to joining CSC, he served as the Chief Accounting Officer and Senior Vice President of CA, Inc. from December 2008 to June 3, 2016. He served as Principal Accounting Officer and Vice President of Worldwide Accounting for RealNetworks, Inc. from July 2007 to November 2008. He served as the Chief Financial Officer of TimePlus Systems, LLC (formerly TimePlus, Inc.) from November 2005 to April 2007. From February 2000 to October 2005, he served as a Director of Finance for the Payroll Division of Intuit and Controller of Employee Matters, Inc. From July 1990 to February 2000 he served as the Principal Accounting Officer, Vice President of Finance, Controller and Treasurer of CHI Energy, Inc. He is a Certified Public Accountant and holds a Bachelor’s degree in Accounting and a Master’s degree in Business Administration.

Item 1A. RISK FACTORS

Any of the following risks could 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 Annual Report. In such case, the trading price for DXC common stock could decline, and you could lose all or part of your investment. The risks described below are not the only risks that DXC currently faces. Additional 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. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

Risks Relating to Our Business

Achieving our growth objectives may prove unsuccessful. We may be unable to identify future attractive acquisitions and strategic partnerships, which may adversely affect our growth. In addition, if we are unable to integrate acquisitions and implement strategic partnerships or achieve anticipated revenue improvements and cost reductions, our profitability may be materially and adversely affected.

We may fail to complete strategic transactions. Closing strategic transactions is subject to uncertainties and risks, including the risk that we will be unable to satisfy conditions to closing, such as regulatory and financing conditions and the absence of material adverse changes to our business. In addition, our inability to successfully integrate the operations we acquire and leverage these operations to generate substantial cost savings, as well as our inability to avoid revenue erosion and earnings decline, could have a material adverse effect on our results of operations, cash flows and financial position. In order to achieve successful acquisitions, we will need to:

- successfully integrate the operations, as well as the accounting, financial controls, management information, technology, human resources and other administrative systems, of acquired businesses with existing operations and systems;
- maintain third-party relationships previously established by acquired companies;
- attract and retain senior management and other key personnel at acquired businesses; and
- successfully manage new business lines, as well as acquisition-related workload.

We may not be successful in meeting these challenges or any others encountered in connection with historical and future acquisitions. In addition, the anticipated benefits of one or more acquisitions may not be realized and future acquisitions could require dilutive issuances of equity securities and/or the assumption of contingent liabilities. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

We have also entered into and intend to identify and enter into additional strategic partnerships with other industry participants that will allow us to expand our business. However, we may be unable to identify attractive strategic partnership candidates or complete these partnerships on terms favorable to us. In addition, if we are unable to successfully implement our partnership strategies or our strategic partners do not fulfill their obligations or otherwise prove disadvantageous to our business, our investments in these partnerships and our anticipated business expansion could be adversely affected.

Our ability to continue to develop and expand our service offerings to address emerging business demands and technological trends, including the demand for digital technologies and services, may impact our future growth. If we are not successful in meeting these business challenges, our results of operations and cash flows may be materially and adversely affected.

Our ability to implement solutions for our customers, incorporating new developments and improvements in technology that translate into productivity improvements for our customers, and our ability to develop digital and other new service offerings that meet current and prospective customers' needs, as well as evolving industry standards, are critical to our success. The markets we serve are highly competitive and characterized by rapid technological change. Our competitors may develop solutions or services that make our offerings obsolete. Our ability to develop and implement up to date solutions utilizing new technologies that meet evolving customer needs in cloud, information technology outsourcing, consulting, industry software and solutions and application services markets in a timely or cost-effective manner will impact our ability to retain and attract customers and our future revenue growth and earnings.

Our ability to compete in certain markets we serve is dependent on our ability to continue to expand our capacity in certain offshore locations. However, as our presence in these locations increases, we are exposed to risks inherent to these locations which may adversely affect our revenue and profitability.

A significant portion of our application outsourcing and software development activities has been shifted to India and we plan to continue to expand our presence there and in other lower cost locations. As a result, we are exposed to the risks inherent in operating in India or other locations including (1) a highly competitive labor market for skilled workers which may result in significant increases in labor costs, as well as shortages of qualified workers in the future and (2) the possibility that the U.S. Federal Government or the European Union may enact legislation that provides significant disincentives for customers to locate certain of their operations offshore, which would reduce the demand for the services we provide in such locations and may adversely impact our cost structure and profitability. In addition, India has experienced, and other countries may experience, political instability, civil unrest and hostilities with neighboring countries. Negative or uncertain political climates in countries or locations where we operate, including but not limited to military activity or civil hostilities, criminal activities and other acts of violence, infrastructure disruption, natural disasters or other conditions could adversely affect our operations.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA") and similar anti-bribery laws in other jurisdictions. We pursue opportunities in certain parts of the world that experience government corruption and in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. Our internal policies mandate compliance with all applicable anti-bribery laws. We require our employees, partners, subcontractors, agents, and others to comply with the FCPA and other anti-bribery laws. There is no assurance that our policies or procedures will protect us against liability under the FCPA or other laws for actions taken by our employees and intermediaries. If we are found to be liable for FCPA violations (either due to our own acts or our omissions, or due to the acts or omissions of others), we could suffer from severe criminal or civil penalties or other sanctions, which could have a material adverse effect on our reputation, business, results of operations or cash flows. In addition, detecting, investigating and resolving actual or alleged violations of the FCPA or other anti-bribery violations is expensive and could consume significant time and attention of our senior management.

We could be held liable for damages, our reputation could suffer or we may experience service interruptions from security breaches, cyber attacks or disclosure of confidential information or personal data, which could cause significant financial loss.

As a provider of IT services to private and public sector customers operating in a number of regulated industries and countries, we store and process increasingly large amounts of data for our clients, including sensitive and personally identifiable information. We also manage IT infrastructure of our own and of clients. We possess substantial intellectual property. And, we collect and store certain personal and financial information from customers and employees.

At the same time, the continued occurrence of high-profile data breaches and cyber-attacks provides evidence of an external environment increasingly hostile to information and corporate security. Cybersecurity incidents can result from unintentional events or deliberate attacks by insiders or third parties, including criminals, competitors, nation-states, and hacktivists. Like other companies, we face an evolving array of cybersecurity and data security threats that pose risks to the company and our clients. We can also be harmed by attacks on third parties, such as denial-of-service attacks. We see regular unauthorized attempts to access our systems, which we evaluate for severity and frequency. Some of those attempts may succeed. It is possible that we could suffer a severe attack or incident, with serious impacts on the company.

We must expend capital and other resources to protect against attempted security breaches or cyber-attacks or to alleviate problems caused by successful breaches or attacks. We have a robust information security program and are undertaking cybersecurity planning and activities throughout the company. This includes the acquisition of technology and services, review and refinement of cybersecurity and data security policies and procedures and employee training, among many other investments. Senior management and the Board of Directors are appropriately and actively engaged in cybersecurity risk management by the Company.

Our security measures are designed to identify and protect against security breaches and cyber-attacks; no threat incident identified to date has resulted in a material adverse effect on us or our customers. However, there is no perfect security system, and our failure to detect, prevent or adequately respond to a future threat incident could subject us to liability and reputational damage, and have a material adverse effect on our business. In addition, the cost and operational consequences of responding to breaches and cyber-attacks and implementing remediation measures could be significant.

We rely on internal and external information and technological systems to manage our operations and are exposed to risk of loss resulting from breaches in the security or other failures of these systems. Security breaches, or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us, our clients or our customers, could expose us to risk of loss of this information, regulatory scrutiny, actions and penalties, extensive contractual liability and other litigation, reputational harm, and a loss of customer confidence which could potentially have an adverse impact on future business with current and potential customers.

Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the algorithms that we use to protect our data and that of clients, including sensitive customer transaction data. A party who is able to circumvent our security measures and those of our contractors, partners and vendors could misappropriate proprietary information confidential data of us or our customers, employees and business partners or cause interruption in our or their operations.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy ransomware, malware and other malicious software programs through phishing and other methods, that attack our products or otherwise exploit any security vulnerabilities of these products. In addition, sophisticated hardware and operating system software and applications produced or procured from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the security and operation of our systems, or harm those of third parties with whom we may interact. The costs to eliminate or alleviate cyber or other security problems, including ransomware, malware, bugs, malicious software programs and other security vulnerabilities, could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers, which may impede our sales, distribution or other critical functions.

Increasing cybersecurity, data privacy and information security obligations around the world could also impose additional regulatory pressures on our customers’ businesses and, indirectly, on our operations, or lead to inquiries or enforcement actions. In the United States, we are seeing increasing obligations and expectations from federal and non-federal customers. In response, some of our customers have sought and may continue to seek, to contractually impose certain strict data privacy and information security obligations on us. Some of our customer contracts may not limit our liability for the loss of confidential information. If we are unable to adequately address these concerns, our business and results of operations could suffer.

Compliance with new privacy and security laws, requirements and regulations, such as the European Union General Data Protection Regulation which became effective in May 2018, where required or undertaken by us, may result in cost increases due to expanded compliance obligations, potential systems changes, the development of additional administrative processes and increased enforcement actions, fines and penalties. While we strive to comply with all applicable data protection laws and regulations, as well as internal privacy policies, any failure or perceived failure to comply or any misappropriation, loss or other unauthorized disclosure of sensitive or confidential information may result in proceedings or actions against us by government or other entities, private lawsuits against us (including class actions) or the loss of customers, which could potentially have an adverse effect on our business, reputation and results of operations.

Portions of our infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data, which could cause business disruptions and be more expensive, time-consuming, disruptive and resource intensive. Such disruptions could adversely impact our ability to fulfill orders and respond to customer requests and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions could reduce our revenues, increase our expenses, damage our reputation, and adversely affect our stock price.

Our ability to raise additional capital for future needs may impact our ability to compete.

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 are beyond our control, including potential new standards requiring the agencies to reassess rating practices and methodologies. 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. Any downgrades could 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.

Information regarding our credit ratings is included in Part II, Item 7 of this Annual Report on Form 10-K under the caption "Liquidity and Capital Resources."

We have a substantial amount of indebtedness, which could have a material adverse effect on our business, financial condition and results of operations.

We have a significant amount of indebtedness totaling approximately $8.4 billion as of March 31, 2018 (including capital lease obligations). We may incur substantial additional indebtedness in the future for many reasons, including to fund acquisitions. Our existing indebtedness, together with the incurrence of additional indebtedness and the restrictive covenants contained in, or expected to be contained in the documents evidencing such indebtedness, may, among other things:

- require the use of a substantial portion of our cash flow from operations to make debt service payments;
- limit the ability to obtain additional financing for working capital, capital expenditures, investments, acquisitions or other general business purposes;
- cause events of default if we fail to comply with the financial and other covenants contained in the agreements governing our debt instruments, which could require us to negotiate a waiver or could cause us to incur additional fees and expenses;
- subject us to the risk of increased sensitivity to interest rate increases in our outstanding variable-rate indebtedness and could cause our debt service obligations to increase significantly;
- increase the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability for debt financing; and
- place us at a competitive disadvantage compared to less leveraged competitors.

In addition, we could be unable to refinance our outstanding indebtedness on reasonable terms or at all.

Our primary markets are highly competitive. If we are unable to compete in these highly competitive markets, our results of operations may be materially and adversely affected.

Our competitors include large, technically competent and well capitalized companies, some of which have emerged as a result of industry consolidation, as well as “pure-play” companies that have a single product focus. This competition may place downward pressure on operating margins in our industry, particularly for technology outsourcing contract extensions or renewals. As a result, we may not be able to maintain our current operating margins, or achieve favorable operating margins, for technology outsourcing contracts extended or renewed in the future. If we fail to effectively reduce our cost structure during periods with declining margins, our results of operations may be adversely affected.

We encounter aggressive competition from numerous and varied competitors. Our competitiveness is based on factors including technology, innovation, performance, price, quality, reliability, brand, reputation, range of products and services, account relationships, customer training, service and support and security. If we are unable to compete based on such factors, our results of operations and business prospects could be harmed. We have a large portfolio of services and we need to allocate financial, personnel and other resources across all services while competing with companies that have smaller portfolios or specialize in one or more of our service lines. As a result, we may invest less in certain business areas than our competitors do, and competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our services. Industry consolidation may also affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate. Additionally, competitors may affect our business by entering into exclusive arrangements with existing or potential customers or suppliers.

Companies with whom we have alliances in certain areas may be or become competitors in other areas. In addition, companies with whom we have alliances also may acquire or form alliances with competitors, which could reduce their business with us. If we are unable to effectively manage these complicated relationships with alliance partners, our business and results of operations could be adversely affected.

We face aggressive price competition and may have to lower prices to stay competitive, while simultaneously seeking to maintain or improve revenue and gross margin. In addition, competitors who have a greater presence in some of the lower-cost markets in which we compete, or who can obtain better pricing, more favorable contractual terms and conditions, may be able to offer lower prices than we are able to offer. Our cash flows, results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

The terms of the Separation and Distribution Agreement in connection with the HPES Merger included non-competition provisions pursuant to which DXC and HPE generally agreed not to compete in certain product and service categories for two years. In addition, HPE is party to a Separation and Distribution Agreement with HP that restricts HPE and the HPES business from engaging in certain activities that compete with HP until October 31, 2018. The foregoing restrictions may limit our ability to engage in certain activities, may potentially lead to disputes and may materially and adversely affect our business, financial condition and results of operations.

If we are unable to accurately estimate the cost of services and the timeline for completion of contracts, the profitability of our contracts may be materially and adversely affected.

Our commercial contracts are typically awarded on a competitive basis. Our bids are based upon, among other items, the expected cost to provide the services. We generally provide services under time and materials contracts, unit price contracts, fixed-price contracts, and multiple-element software sales. We are dependent on our internal forecasts and predictions about our projects and the marketplace and, to generate an acceptable return on our investment in these contracts, we must be able to accurately estimate our costs to provide the services required by the contract and to complete the contracts in a timely manner. We face a number of risks when pricing our contracts, as many of our projects entail the coordination of operations and workforces in multiple locations and utilizing workforces with different skill sets and competencies across geographically diverse service locations. In addition, revenues from some of our contracts are recognized using the percentage-of-completion method, which requires estimates of total costs at completion, fees earned on the contract, or both. This estimation process, particularly due to the technical nature of the services being performed and the long-term nature of certain contracts, is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained, and additional information becomes known, even though the scope of the work required under the contract may not change. If we fail to accurately estimate our costs or the time required to complete a contract, the profitability of our contracts may be materially and adversely affected.

Some IT outsourcing services agreements contain pricing provisions that permit a client to request a benchmark study by a mutually acceptable third party. The benchmarking process typically compares the contractual price of services against the price of similar services offered by other specified providers in a peer comparison group, subject to agreed-upon adjustment, and normalization factors. Generally if the benchmarking study shows that the pricing differs from the peer group outside a specified range, and the difference is not due to the unique requirements of the client, then the parties will negotiate in good faith appropriate adjustments to the pricing. This may result in the reduction of rates for the benchmarked services performed after the implementation of those pricing adjustments, which could harm the financial performance of our services business.

Some IT service agreements require significant investment in the early stages that is expected to be recovered through billings over the life of the agreement. These agreements often involve the construction of new IT systems and communications networks and the development and deployment of new technologies. Substantial performance risk exists in each agreement with these characteristics, and some or all elements of service delivery under these agreements are dependent upon successful completion of the development, construction, and deployment phases. Failure to perform satisfactorily under these agreements may expose us to legal liability, result in the loss of customers or harm our reputation, which could harm the financial performance of our IT services business.

Performance under contracts, including those on which we have partnered with third parties, may be adversely affected if we or the third parties fail to deliver on commitments or if we incur legal liability in connection with providing our services and solutions.

Our contracts are complex and, in some instances, may require that we partner with other parties, including software and hardware vendors, to provide the complex solutions required by our customers. Our ability to deliver the solutions and provide the services required by our customers is dependent on our and our partners' ability to meet our customers' delivery schedules. If we or our partners fail to deliver services or products on time, our ability to complete the contract may be adversely affected. Additionally, our customers may perform audits or require us to perform audits and provide audit reports with respect to the controls and procedures that we use in the performance of services for such customers. Our ability to acquire new customers and retain existing customers may be adversely affected and our reputation could be harmed if we receive a qualified opinion, or if we cannot obtain an unqualified opinion in a timely manner, with respect to our controls and procedures in connection with any such audit. We could also incur liability if our controls and procedures, or the controls and procedures we manage for a customer, were to result in an internal control failure or impair our customer’s ability to comply with its own internal control requirements. If we or our partners fail to meet our contractual obligations or otherwise breach obligations to our customers, we could be subject to legal liability, which may have a material and adverse impact on our revenues and profitability.

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.

We also must manage leadership development and succession planning throughout our business. The loss of our key personnel, coupled with an 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.

In addition, due to the HPES Merger, 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 expected due to difficulties encountered in the integration process, it may adversely impact our ability to realize the anticipated benefits of the HPES Merger.

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 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.

Our international operations are exposed to risks, including fluctuations in exchange rates, which may be beyond our control.

Our exposure to currencies other than the U.S. dollar may impact our results, as they are expressed in U.S. dollars. Currency variations also contribute to variations in sales of products and services in affected jurisdictions. For example, in the event that one or more European countries were to replace the Euro with another currency, sales in that country or in Europe generally may be adversely affected until stable exchange rates are established. While historically we have partially mitigated currency risk, including exposure to fluctuations in currency exchange rates, by matching costs with revenues in a given currency, our exposure to fluctuations in other currencies against the U.S. dollar increases as revenue in currencies other than the U.S. dollar increase and as more of the services we provide are shifted to lower cost regions of the world. Approximately 56% of revenues earned during fiscal 2018 were derived from sales denominated in currencies other than the U.S. dollar and are expected to continue to represent a significant portion of our revenues. Also, we believe that our ability to match revenues and expenses in a given currency will decrease as more work is performed at offshore locations.

We may use forward and option contracts to protect against currency exchange rate risks. The effectiveness of these hedges will depend on our ability to accurately forecast future cash flows, which may be particularly difficult during periods of uncertain demand and highly volatile exchange rates. We may incur significant losses from our hedging activities due to factors such as demand volatility and currency variations. In addition, certain or all of our hedging activities may be ineffective, may expire and not be renewed or may not offset the adverse financial impact resulting from currency variations. Losses associated with hedging activities may also impact our revenues and to a lesser extent our cost of sales and financial condition.

In June 2016, the United Kingdom held a referendum in which British citizens voted to exit from the European Union, commonly referred to as “Brexit.” In March 2017, the U.K. government initiated a process to withdraw from the European Union and began negotiating the terms of its separation. Current uncertainty over the negotiations between the United Kingdom and the European Union may adversely affect our operations and financial results. Risks we associate with Brexit include, for example, that Brexit could potentially result in restrictions on the movement of capital and the mobility of personnel between the remaining 27 European Union states and the United Kingdom, in addition to volatility in currency exchange rates. Brexit also creates uncertainty in areas currently regulated by European Union law, such as cross border data transfers. Brexit is also expected to lead to short- and medium-term uncertainty in future trade arrangements between U.K.-based operations and the various European Union markets that they serve.

Our future business and financial performance could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or geopolitical and security conditions, including inflation, recession, interest rate fluctuations, and actual or anticipated military or political conflict, civil unrest, crime, political instability, human rights concerns, and terrorist activity;
- natural or man-made disasters, industrial accidents, public health issues, cybersecurity incidents, interruptions of service from utilities, transportation or telecommunications providers, or other catastrophic events;
- longer collection cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products, including policies adopted by countries that may champion or otherwise favor domestic companies and technologies over foreign competitors;
- local labor conditions and regulations;
- managing our geographically dispersed workforce;
- changes in the international, national or local regulatory and legal environments;
- differing technology standards or customer requirements;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner and
- changes in tax laws.

Our business operations are subject to various and changing federal, state, local and foreign laws and regulations that could result in costs or sanctions that adversely affect our business and results of operations.

We operate in approximately 70 countries in an increasingly complex regulatory environment. Among other things, we provide complex industry specific insurance processing in the United Kingdom, which is regulated by authorities in the United Kingdom. and elsewhere, such as the U.K.'s Financial Conduct Authority and Her Majesty's Treasury and the U.S. Department of Treasury, which increases our exposure to compliance risk. For example, in February 2017, CSC submitted an initial notification of voluntary disclosure to the U.S. Department of Treasury's 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. Our related internal investigation is continuing, and we have undertaken to cooperate with and provide a full report of our findings to OFAC when completed. Our retail investment account management business in Germany is another example of a regulated business, which must maintain a banking license, is regulated by the German Federal Financial Supervisory Authority and the European Central Bank and must comply with German banking laws and regulations.

In addition, businesses in the countries in which we operate are subject to local, legal and political environments and regulations including with respect to employment, tax, statutory supervision and reporting and trade restriction. These regulations and environments are also subject to change.

Adjusting business operations to changing environments and regulations may be costly and could potentially render the particular business operations uneconomical, which may adversely affect our profitability or lead to a change in the business operations. Notwithstanding our best efforts, we may not be in compliance with all regulations in the countries in which we operate at all times and may be subject to sanctions, penalties or fines as a result. These sanctions, penalties or fines may materially and adversely impact our profitability.

We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.

Our Board of Directors has approved several restructuring plans to realign our cost structure due to the changing nature of our business and to achieve operating efficiencies to reduce our costs. We may not be able to obtain the costs savings and benefits that were initially anticipated in connection with our restructuring plans. Additionally, as a result of our restructuring, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiency during transitional periods. Reorganization and restructuring can require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows. For more information about our restructuring plans, see Note 19 - "Restructuring Costs".

In the course of providing services to customers, we may inadvertently infringe on the intellectual property rights of others and be exposed to claims for damages.

The solutions we provide to our customers may inadvertently infringe on the intellectual property rights of third parties resulting in claims for damages against us or our customers. Our contracts generally indemnify our clients from claims for intellectual property infringement for the services and equipment we provide under the applicable contracts. We also indemnify certain vendors and customers against claims of intellectual property infringement made by third parties arising from the use by such vendors and customers of software products and services and certain other matters. Some of the applicable indemnification arrangements may not be subject to maximum loss clauses. The expense and time of defending against these claims may have a material and adverse impact on our profitability. If we lose our ability to continue using any such services and solutions because they are found to infringe the rights of others, we will need to obtain substitute solutions or seek alternative means of obtaining the technology necessary to continue to provide such services and solutions. Our inability to replace such solutions, or to replace such solutions in a timely or cost-effective manner, could materially adversely affect our results of operations. Additionally, the publicity resulting from infringing intellectual property rights may damage our reputation and adversely impact our ability to develop new business.

We may be exposed to negative publicity and other potential risks if we are unable to achieve and maintain effective internal controls over financial reporting.

The Sarbanes-Oxley Act of 2002 and the related regulations require our management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There can be no assurance that all control issues or fraud will be detected. In connection with the HPES Merger, and as we continue to grow our business, our internal controls continue to become more complex and require more resources.

Any failure to maintain effective controls could prevent us from timely and reliably reporting financial results and may harm our operating results. In addition, if we are unable to conclude that we have effective internal control over financial reporting or, if our independent registered public accounting firm is unable to provide an unqualified report as to the effectiveness of our internal control over financial reporting, as of each fiscal year end, we may be exposed to negative publicity, which could cause investors to lose confidence in our reported financial information. Any failure to maintain effective internal controls and any such resulting negative publicity may negatively affect our business and stock price.

Additionally, the existence of any material weaknesses or significant deficiencies would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect us and the market price of our common stock.

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, 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.

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.

We may not be able to pay dividends or repurchase shares of our common stock in accordance with our announced intent or at all.

On April 3, 2017, we announced the establishment of a share repurchase plan approved by the Board of Directors with an initial authorization of up to $2.0 billion for future repurchases of outstanding shares of our common stock. Likewise, during fiscal 2018 we paid quarterly cash dividends to our stockholders in accordance with our announced dividend policy for fiscal 2018. We intend to continue to pay a quarterly cash dividend during fiscal 2019 but the declaration and payment of future dividends, the amount of any such dividends, and the establishment of record and payment dates for dividends, if any, are subject to final determination by our Board of Directors after review of our current strategy and financial performance and position, among other things.

The Board of Directors’ determinations regarding dividends and share repurchases will depend on a variety of factors, including net income, cash flow generated from operations, amount and location of our cash and investment balances, overall liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. There can be no guarantee that we will achieve our financial goals in the amounts or within the expected time frame, or at all. Our ability to declare future dividends will depend on our future financial performance, which in turn depends on the successful implementation of our strategy and on financial, competitive, regulatory and other factors, general economic conditions, demand and prices for our services and other factors specific to our industry or specific projects, many of which are beyond our control. Therefore, our ability to generate cash flow depends on the performance of our operations and could be limited by decreases in our profitability or increases in costs, regulatory changes, capital expenditures or debt servicing requirements.

Any failure to achieve our financial goals could negatively impact our reputation, harm investor confidence in us, and cause the market price of our common stock to decline.

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

As noted in Note 20 - "Commitments and Contingencies", we are currently party to a number of disputes that involve or may involve litigation. We are not able to predict the ultimate outcome of these disputes or the actual impact of these matters on our profitability. If we agree to settle these matters or judgments are secured against us, we may incur liabilities that may have a material and adverse impact on our liquidity and earnings.

We may be adversely affected by disruptions in the credit markets, including disruptions that reduce our customers' access to credit and increase the costs to our customers of obtaining credit.

The credit markets have historically been volatile and therefore it is not possible to predict the ability of our clients and customers to access short-term financing and other forms of capital. If a disruption in the credit markets were to occur, it could pose a risk to our business if customers or suppliers are unable to obtain financing to meet payment or delivery obligations to us. In addition, customers may decide to downsize, defer or cancel contracts which could negatively affect our revenues.

Further, as of March 31, 2018, we have $3.6 billion of floating rate debt, of which a portion has been swapped to fixed rate debt. Accordingly, a spike in interest rates could adversely affect our results of operations and cash flows.

Our hedging program is subject to counterparty default risk.

We enter into foreign currency forward and option contracts and interest rate swaps with a number of counterparties. As a result, we are subject to the risk that the counterparty to one or more of these contracts defaults on its performance under the contract. During an economic downturn, the counterparty's financial condition may deteriorate rapidly and with little notice and we may be unable to take action to protect our exposure. In the event of a counterparty default, we could incur significant losses, which may harm our business and financial condition. In the event that one or more of our counterparties becomes insolvent or files for bankruptcy, our ability to eventually recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty.

We derive significant revenues and profit from contracts awarded through competitive bidding processes, which can impose substantial costs on us and we may not achieve revenue and profit objectives if we fail to bid on these projects effectively.

We derive significant revenues and profit from government contracts that are awarded through competitive bidding processes. We expect that most of the non-U.S. government business we seek in the foreseeable future will be awarded through competitive bidding. Competitive bidding is expensive and presents a number of risks, including:

- the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us;
- the need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design;
- the expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding;
- the requirement to resubmit bids protested by our competitors and in the termination, reduction, or modification of the awarded contracts; and
- the opportunity cost of not bidding on and winning other contracts we might otherwise pursue.

If our customers experience financial difficulties, we may not be able to collect our receivables, which would materially and adversely affect our profitability.

Over the course of a long-term contract, a customer's financial condition may decline and lower its ability to pay its obligations. This would cause our cash collections to decrease and bad debt expense to increase. While we may resort to alternative methods to pursue claims or collect receivables, these methods are expensive and time consuming and successful collection is not guaranteed. Failure to collect our receivables or prevail on claims would have an adverse effect on our profitability and cash flows.

Failure to comply with customer contracts or government contracting regulations or requirements could adversely affect our business and results of operations.

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.

Contracts with the U.S. federal government and related agencies are also subject to issues with respect to federal budgetary and spending limits or matters. Any changes to the fiscal policies of the U.S. federal government may decrease overall government funding, result in delays in the procurement of products and services due to lack of funding, cause the U.S. federal government and government agencies to reduce their purchases under existing contracts, or cause them to exercise their rights to terminate contracts at- will or to abstain from exercising options to renew contracts, any of which would have an adverse effect on our business, financial condition, results of operations and/or cash flows.

If our customer contracts are terminated, if we are suspended or disbarred from government work, or our ability to compete for new contracts is adversely affected, our financial performance could suffer.

Recent U.S. tax legislation may materially affect our financial condition, results of operations and cash flows.

Recently enacted U.S. tax legislation has significantly changed the U.S. federal income taxation of U.S. corporations, including by reducing the U.S. corporate income tax rate, limiting interest deductions, permitting immediate expensing of certain capital expenditures, adopting elements of a territorial tax system, imposing a one-time transition tax (or “repatriation tax”) on all undistributed earnings and profits of certain U.S.-owned foreign corporations, revising the rules governing net operating losses and the rules governing foreign tax credits, and introducing new anti-base erosion provisions. Many of these changes are effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Department of the Treasury and Internal Revenue Service ("IRS"), any of which could lessen or increase certain impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities.

While our analysis and interpretation of this legislation is ongoing, based on our current evaluation, we recorded a provisional reduction of our deferred income tax liabilities resulting in a material non-cash benefit to earnings during fiscal 2018, the period in which the tax legislation was enacted, which may be subject to further adjustment in subsequent periods throughout fiscal 2019 in accordance with recent interpretive guidance issued by the SEC. Additionally, the repatriation tax resulted in a material amount of additional U.S. tax liability, the amount of which is reflected as tax expense in fiscal 2018, when the tax legislation was enacted, despite the fact that the resulting tax may be paid over eight years. Further, there may be other material adverse effects resulting from the legislation that we have not yet identified.

While some of the changes made by the tax legislation may adversely affect the Company in one or more reporting periods and prospectively, other changes may be beneficial on a going forward basis. We continue to work with our tax advisors to determine the full impact that the recent tax legislation as a whole will have on us. We urge our investors to consult with their legal and tax advisors with respect to such legislation and the potential tax consequences of investing in our securities.

Changes in our tax rates could affect our future results.

Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or by changes in tax laws or their interpretation. We are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance that the outcomes from these examinations will not have a material adverse effect on our financial condition and operating results.

Risks Related to the HPES Merger

We may not realize the anticipated benefits from the HPES Merger.

There can be no assurance that we will be able to realize the intended benefits of the HPES Merger or that we will perform as anticipated. Specifically, the HPES Merger could cause disruptions in the combined company's business, including by disrupting operations or causing customers to delay or to defer decisions to purchase products or renew contracts or to end their relationships. Similarly, it is possible that current or prospective employees could experience uncertainty about their future roles, which could harm our ability to attract and retain key personnel.

Our success in realizing cost and revenues synergies, growth opportunities, and other financial and operating benefits as a result of the HPES Merger, and the timing of this realization, depends on the successful integration of our business operations. Even if we successfully integrate, we cannot predict with certainty if or when these cost and revenue synergies, growth opportunities and benefits will occur, or the extent to which they actually will be achieved. For example, the benefits from the HPES Merger may be offset by costs incurred in integrating CSC and HPES or in required capital expenditures related to the business combination with HPES. In addition, the quantification of previously announced synergies expected to result from the HPES Merger is based on significant estimates and assumptions that are subjective in nature and inherently uncertain. Realization of any benefits and synergies could be affected by a number of factors beyond our control, including, without limitation, general economic conditions, increased operating costs, regulatory developments and other risks. The amount of synergies actually realized, if any, and the time periods in which any such synergies are realized, could differ materially from the expected synergies, regardless of whether the two business operations are combined successfully. If the integration is unsuccessful or if we are unable to realize the anticipated synergies and other benefits of the HPES Merger, there could be a material adverse effect on our business, financial condition and results of operations.

Our business and financial performance could suffer if we do not manage properly the risks associated with the HPES Merger.

The HPES business relies on its ability to retain significant services clients and maintain or increase the level of revenues from these clients. Before the HPES Merger, HPES was in the process of addressing challenges relating to the market shift to cloud-related IT infrastructure, software, and services. HPES was experiencing commoditization in the IT infrastructure services business market that is placing pressure on traditional information technology outsourcing pricing and cost structures. There is also an industrywide shift to highly automated, asset-light delivery of IT infrastructure and applications leading to headcount consolidation. To be successful in addressing these challenges, our integration of HPES must continue executing on the HPES multi-year turnaround plan, which includes a cost reduction initiative to align its costs with its revenue trajectory, a focus on new logo wins and strategic enterprise services, and initiatives to improve execution in sales performance and accountability, contracting practices and pricing. If we do not succeed in these efforts, or if these efforts are more costly or time consuming than expected, the HPES business and results of operations may be adversely affected.

Our results may be negatively affected if we are unable to adequately replace or provide resources formerly provided by HPE, or replace them at the same or lower cost.

HPES has historically received benefits and services from HPE. While HPE agreed to provide certain transition services to us for a period following the HPES Merger, it cannot be assured that we will be able to adequately replace or provide resources formerly provided by HPE, or replace them at the same or lower cost. If we are not able to replace the resources provided by HPE or are unable to replace them without incurring significant additional costs or are delayed in replacing the resources provided by HPE, or if the potential customers or other partners of the HPES business do not view our business relationships as equivalent to HPE's, our results of operations may be harmed.

In connection with the HPES Merger, HPE and DXC and, in some cases, CSC, entered into several agreements that govern the relationship between the parties going forward, including an Employee Matters Agreement, a Tax Matters Agreement, an Intellectual Property Matters Agreement, a Transition Services Agreement, and a Real Estate Matters Agreement. Changes in the strategic direction of HPE, or any successor of HPE, could, over time, impact the positioning and offerings of HPE's brands and programs, including those being made available to us.

The integration following the HPES Merger may present significant challenges.

There is a significant degree of difficulty inherent in the process of integrating HPES and CSC. These difficulties include:

- integration activities while carrying on ongoing operations;
- the challenge of integrating the business cultures of HPES and CSC;
- the challenge and cost of integrating certain IT systems and other systems; and
- the potential difficulty in retaining key officers and other personnel.

The ongoing process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our businesses. Members of senior management may be required to devote considerable amounts of time to this integration process, which would decrease the time they have to manage our business, service existing businesses and develop new services or strategies. In addition, certain existing contractual restrictions limit the ability to engage in certain integration activities for varying periods after the HPES Merger. There is no assurance we will be able to continue to manage this integration to the extent or in the time horizon anticipated, particularly given the larger scale of the HPES business in comparison to CSC's business. If senior management is not able to timely and effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer. The delay or inability to achieve anticipated integration goals could have a material adverse effect on our business, financial condition and results of operations after the HPES Merger.

The unaudited pro forma condensed combined financial information of CSC and HPES is not intended to reflect what actual results of operations would have been had CSC and HPES been a combined company for the periods presented, and therefore these results may not be indicative of DXC's future operating performance.

The unaudited pro forma condensed combined financial information presented in this document is for illustrative purposes only and is based in part on certain assumptions regarding the HPES Merger that management believes are reasonable.

The business combination involving CSC and HPES was a reverse merger acquisition, with HPES deemed the legal acquirer in this combination and CSC deemed the acquirer for accounting purposes under GAAP. The unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or transaction- related costs or incremental capital spend that management believes are necessary to realize the anticipated synergies from the HPES Merger. Accordingly, the pro forma financial information included in this document does not reflect what DXC's results of operations or operating condition would have been had CSC and HPES been a consolidated entity during all periods presented, or what DXC's results of operations and financial condition will be in the future.

We could have an indemnification obligation to HPE if the stock distribution in connection with the HPES business separation (the "Distribution") were determined not to qualify for tax-free treatment, which could materially adversely affect our financial condition.

If, due to any of our representations being untrue or our covenants being breached, the Distribution was determined not to qualify for tax-free treatment under Section 355 of the Internal Revenue Code (the "Code"), HPE would generally be subject to tax as if it sold the DXC common stock in a taxable transaction, which could result in a material tax liability. In addition, each HPE stockholder who received DXC common stock in the Distribution would generally be treated as receiving a taxable Distribution in an amount equal to the fair market value of the DXC common stock received by the stockholder in the Distribution.

In addition, the Distribution would be taxable to HPE (but not to HPE stockholders) pursuant to Section 355(e) of the Code if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of HPE or us, directly or indirectly (including through acquisitions of our stock after the HPES Merger), as part of a plan or series of related transactions that includes the Distribution. In addition, Section 355(e) of the Code generally creates a presumption that any direct or indirect acquisition of stock of HPE or us within two years before or after the Distribution is part of a plan that includes the Distribution, although the parties may be able to rebut that presumption in certain circumstances. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual in nature, and subject to a comprehensive analysis of the facts and circumstances of the particular case. If the IRS were to determine that direct or indirect acquisitions of stock of HPE or us, either before or after the Distribution, were part of a plan that includes the Distribution, such determination could cause Section 355(e) of the Code to apply to the Distribution, which could result in a material tax liability.

Under the Tax Matters Agreement, we were required to indemnify HPE against taxes resulting from the Distribution or certain aspects of the HPES Merger arising as a result of an Everett Tainting Act (as defined in the Tax Matters Agreement). If we were required to indemnify HPE for taxes resulting from an Everett Tainting Act, that indemnification obligation would likely be substantial and could materially adversely affect our financial condition.

To address compliance with Section 355(e) of the Code, in the Tax Matters Agreement, we agreed to certain restrictions that may limit our ability to pursue certain strategic transactions or engage in other transactions, including stock issuances, certain asset dispositions, mergers, consolidations and other strategic transactions for a period of time following the HPES Merger. As a result, we may determine to forgo certain transactions that otherwise could be advantageous.

If the HPES Merger does not qualify as a reorganization under Section 368(a) of the Code, CSC's former stockholders may incur significant tax liabilities.

The completion of the HPES Merger was conditioned upon the receipt by HPE and CSC of opinions of counsel to the effect that, for U.S. federal income tax purposes, the HPES Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code (the "HPES Merger Tax Opinions"). The parties did not seek a ruling from the IRS regarding such qualification. The HPES Merger Tax Opinions were based on current law and relied upon various factual representations and assumptions, as well as certain undertakings made by HPE, HPES and CSC. If any of those representations or assumptions is untrue or incomplete in any material respect or any of those undertakings is not complied with, or if the facts upon which the HPES Merger Tax Opinions are based are materially different from the actual facts that existed at the time of the HPES Merger, the conclusions reached in the HPES Merger Tax Opinions could be adversely affected and the HPES Merger may not qualify for tax-free treatment. Opinions of counsel are not binding on the IRS or the courts. No assurance can be given that the IRS will not challenge the conclusions set forth in the HPES Merger Tax Opinions or that a court would not sustain such a challenge. If the HPES Merger were determined to be taxable, previous holders of CSC common stock would be considered to have made a taxable disposition of their shares to HPES, and such stockholders would generally recognize taxable gain or loss on their receipt of HPES common stock in the HPES Merger.

We assumed certain material pension benefit obligations in connection with the HPES Merger. These liabilities and the related future funding obligations could restrict our cash available for operations, capital expenditures and other requirements, and may materially adversely affect our financial condition and liquidity.

Pursuant to the Employee Matters Agreement entered into in connection with the HPES Merger, while HPE retained all U.S. defined benefit pension plan liabilities, DXC retained all liabilities relating to the International Retirement Guarantee (“IRG”) programs for all HPES employees. The IRG is a non-qualified retirement plan for employees who transfer internationally at the request of the HPE Group. The IRG determines the country of guarantee, which is generally the country in which an employee has spent the longest portion of his or her career with the HPE Group, and the present value of a full career benefit for the employee under the HPE defined benefit pension plan and social security or social insurance system in the country of guarantee. The IRG then offsets the present value of the retirement benefits from plans and social insurance systems in the countries in which the employee earned retirement benefits for his or her total period of HPE Group employment. The net benefit value is payable as a single sum as soon as practicable after termination or retirement. This liability could restrict cash available for our operations, capital expenditures and other requirements, and may materially affect our financial condition and liquidity.

In addition, pursuant to the Employee Matters Agreement, DXC assumed certain other defined benefit pension liabilities in a number of non-U.S. countries (including the United Kingdom, Germany and Switzerland). Unless otherwise agreed or required by local law, where a defined benefit pension plan was maintained solely by a member of the HPES business, DXC assumed all assets and liabilities arising out of those non-U.S. defined benefit pension plans, and where a defined benefit pension plan was not maintained solely by a member of the HPES business, DXC assumed all assets and liabilities for those eligible HPES employees in connection with the HPES Merger. These liabilities and the related future payment obligations could restrict cash available for our operations, capital expenditures and other requirements, and may materially affect our financial condition and liquidity.

Risks Related to the Proposed USPS Separation and Mergers

The proposed USPS Separation and Mergers are contingent upon the satisfaction of a number of conditions, and the USPS Separation and Mergers may not be consummated on the terms or timeline currently contemplated.

On October 11, 2017, our board of directors unanimously approved a plan to spin off our USPS business and combine it with Vencore and KeyPoint to form a separate, independent publicly traded company named Perspecta Inc. ("Perspecta") to serve U.S. public sector clients.

As previously announced, aspects of the proposed USPS Separation and Mergers are expected to include: (1) the transfer by DXC of certain subsidiary entities holding our USPS business to Perspecta (the “USPS Reorganization”); (2) the receipt by DXC of cash and/or Perspecta debt securities in an aggregate amount of $984 million, which reflects the transaction consideration of $1.05 billion less $66 million in principal amount of debt that will remain outstanding at a subsidiary of Perspecta as part of the USPS Reorganization (the “Distribution Consideration”); (3) the distribution by DXC to its stockholders of all of the issued and outstanding shares of common stock, par value $0.01 per share, of Perspecta by way of a pro rata dividend (the “Distribution,” and together with the USPS Reorganization, the “USPS Separation”); and (4) the acquisition of Vencore and KeyPoint by Perspecta in exchange for Perspecta common shares and approximately $400 million of cash merger consideration (the “Mergers”). Upon consummation of the USPS Separation and Mergers, DXC shareholders are expected to own approximately 86% of Perspecta’s common shares, and funds managed by Veritas Capital and its affiliates are expected to own approximately 14% of the Perspecta’s common shares. In addition, a subsidiary of Perspecta will retain contractual capitalized lease obligations with an aggregate outstanding balance up to $300 million, net of cash payments from DXC.

The terms and conditions of the USPS Separation and Mergers are as set forth in the Perspecta Merger Agreement and, further to the Perspecta Merger Agreement, other separation agreements to be entered into by and between DXC and Perspecta prior to completion of the USPS Separation and Mergers (the “Separation Agreements”).

The consummation of the Mergers is subject to certain conditions, including (i) the completion of the USPS Reorganization, the payment of the Distribution Consideration, and the completion of the Distribution, (ii) the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which was satisfied on December 22, 2017, (iii) the effectiveness of the registration statement filed with the Securities and Exchange Commission, which was satisfied on May 2, 2018, and the approval for listing on the New York Stock Exchange or the NASDAQ Global Market of the shares of Perspecta common stock to be issued in the Distribution, which was satisfied on April 30, 2018, (iv) the accuracy of the parties' representations and warranties and the performance of their respective covenants contained in the Perspecta Merger Agreement, and (v) our receipt of an opinion of tax counsel to the effect that the USPS Separation should qualify as a tax-free transaction for U.S. federal income tax purposes.

Additionally, the Perspecta Merger Agreement contains certain termination rights for DXC, Vencore and KeyPoint. The Perspecta Merger Agreement further provides that, if the Distribution is not completed in accordance with the terms and conditions of the Separation Agreements on or before October 1, 2018, a termination fee of $50 million may be payable by DXC to Vencore and KeyPoint upon termination of the Perspecta Merger Agreement under specified circumstances.

For these and other reasons, the USPS Separation and Mergers may not be completed on the terms or timeline contemplated, if at all, and we may incur significant costs.

The proposed USPS Separation and Mergers may result in disruptions to relationships with customers and other business partners or may not achieve the intended results.

If we complete the proposed USPS Separation and Mergers, there can be no assurance that we will be able to realize the intended benefits of the transactions or that the combined company will perform as anticipated. Specifically, the proposed transactions could cause disruptions in our remaining businesses, the USPS business and the Vencore and KeyPoint businesses, including by disrupting operations or causing customers to delay or to defer decisions or to end their relationships, or otherwise limiting the ability to compete for or perform certain contracts or services or other potential effects relating to organizational conflict of interest ("OCI") issues, including action to mitigate or avoid OCIs or lost business opportunity. If the USPS business and the Vencore and KeyPoint businesses face difficulties in integrating their businesses, or the Vencore and KeyPoint businesses face difficulties in their businesses generally, the USPS Separation and Mergers, if completed, may not achieve the intended results.

Further, it is possible that current or prospective employees of the USPS business or the Vencore and KeyPoint businesses could experience uncertainty about their future roles with the combined company, which could harm the ability of the USPS business or the Vencore and KeyPoint businesses to attract and retain key personnel. Any of the foregoing could adversely affect our remaining businesses, the USPS business or the Vencore and KeyPoint businesses, the financial condition of such businesses and their results of operations and prospects.

The proposed USPS Separation and Mergers could result in substantial tax liability to DXC and our stockholders.

Among the conditions to completing the USPS Separation and Mergers will be our receipt of a legal opinion of tax counsel substantially to the effect that, for U.S. federal income tax purposes: (i) the USPS Separation should qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) each of DXC and Perspecta should be a "party to a reorganization" within the meaning of Section 368(b) of the Code with respect to the USPS Separation; (iii) the Distribution should qualify as (1) a tax-free spin-off, resulting in nonrecognition under Sections 355(a), 361 and 368(a) of the Code, and (2) a transaction in which the stock distributed thereby should constitute "qualified property" for purposes of Sections 355(d), 355(e) and 361(c) of the Code; and (iv) none of the Mergers should cause Section 355(e) of the Code to apply to the Distribution.

The opinion of counsel we receive will be based on, among other things, various factual representations and assumptions, as well as certain undertakings made by DXC and Perspecta. If any of those representations or assumptions is untrue or incomplete in any material respect or any of those undertakings is not complied with, the conclusions reached in the opinion could be adversely affected and the USPS Separation may not qualify for tax-free treatment. Furthermore, an opinion of counsel is not binding on the IRS or the courts. Accordingly, no assurance can be given that the IRS will not challenge the conclusions set forth in the opinion or that a court would not sustain such a challenge. If, notwithstanding our receipt of the opinion, the USPS Separation is determined to be taxable, we would recognize taxable gain as if we had sold the shares of Perspecta in a taxable sale for its fair market value, which could result in a substantial tax liability. In addition, if the USPS Separation is determined to be taxable, each holder of our common stock who receives shares of Perspecta would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of the shares received, which could materially increase such holder's tax liability.

Even if the USPS Separation otherwise qualifies as a tax-free transaction, the Distribution could be taxable to us (but not to our shareholders) in certain circumstances if future significant acquisitions of our stock or the stock of Perspecta are deemed to be part of a plan or series of related transactions that includes the Distribution. In this event, the resulting tax liability could be substantial. In connection with the USPS Separation, we expect to enter into a tax matters agreement with Perspecta, under which it will agree not to undertake any transaction without our consent that could reasonably be expected to cause the USPS Separation to be taxable to us and to indemnify us for any tax liabilities resulting from such transactions. These obligations and potential tax liabilities could be substantial.

Risk Relating to the NPS Separation (defined below)

The NPS Separation could result in significant tax liabilities to DXC and former CSC stockholders that received CSRA Inc. stock in the Separation.

Prior to the HPES Merger, CSC separated its U.S. public sector business, National Public Sector ("NPS") on November 27, 2015 (the "NPS Separation"). In connection with the NPS Separation, CSC received an opinion of counsel substantially to the effect that, for U.S. federal income tax purposes, the NPS Separation qualified as a tax-free transaction to CSC and holders of CSC common stock under Section 355 and related provisions of the Code. If, notwithstanding the conclusions expressed in that opinion, the NPS Separation were determined to be taxable, CSC and CSC stockholders that received CSRA stock in the NPS Separation could incur significant tax liabilities.

Under Section 355(e) of the Code, the NPS Separation would generally be taxable to us (but not to former CSC stockholders) if one or more persons acquire a 50% or greater interest (measured by vote or value) in the stock of CSC, directly or indirectly (including through acquisition of our stock after the completion of the HPES Merger), as part of a plan or series of related transactions that includes the NPS Separation. In general, an acquisition will be presumed to be part of a plan with the NPS Separation if the acquisition occurs within two years before or after the NPS Separation. This presumption may, however, be rebutted based upon an analysis of the facts and circumstances related to the NPS Separation and the particular acquisition in question.

The completion of the HPES Merger was conditioned upon the receipt of CSC of an opinion of counsel to the effect that the HPES Merger should not cause Section 355(e) of the Code to apply to the NPS Separation or otherwise affect the qualification of the NPS Separation as a tax-free distribution under Section 355 of the Code (the "Separation Tax Opinion"). The Separation Tax Opinion was based on current law and relied upon various factual representations and assumptions, as well as certain undertakings made by CSC. If any of those representations or assumptions is untrue or incomplete in any material respect or any of those undertakings is not complied with, or if the facts upon which the Separation Tax Opinion is based are materially different from the actual facts that existed at the time of the HPES Merger, the conclusions reached in the Separation Tax Opinion could be adversely affected and the Separation may not qualify for tax-free treatment. No assurance can be given that the IRS will not challenge the conclusions set forth in the Separation Tax Opinion or that a court would not sustain such a challenge. Further, in light of the requirements of Section 355(e) of the Code, we might determine to forgo certain transactions, including share repurchases, stock issuances, certain asset dispositions, mergers, consolidations and other strategic transactions, for some period of time following the HPES Merger.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located at a leased facility in Tysons, VA. We own or lease numerous general office facilities, global security operations centers, strategic delivery centers and data centers around the world. We do not identify properties by segment as they are interchangeable in nature and used by multiple segments.

During fiscal 2018, we initiated a post-HPES Merger facilities rationalization program to reduce our space capacity at low utilization and sub-scale locations, increase co-location, align locations by skill type and optimize our data center footprint. At a number of the locations described below we are not currently occupying all of the space under our control. Where commercially reasonable and to the extent it is not needed for future expansion, we seek to sell, lease or sublease this excess space.

The following tables provide a summary of properties we own and lease as of March 31, 2018:

		Approximate Square Footage (in thousands)		
Geographic Area	**Number of Locations**	**Owned**	**Leased**	**Total**
United States	190	6,411	3,697	10,108
India	68	741	4,787	5,528
Other Europe locations	123	363	3,193	3,556
United Kingdom	107	1,143	1,214	2,357
Australia & other Pacific Rim locations	50	158	1,673	1,831
Germany	47	318	877	1,195
France	40	713	270	983
China	14	12	873	885
Spain	19	—	526	526
Canada	16	217	304	521
Philippines	9	—	516	516
Rest of World	105	654	1,945	2,599
Total	788	10,730	19,875	30,605

We believe that the facilities described above are well-maintained, suitable and adequate to meet our current and anticipated requirements. See Note 8 - "Property and Equipment", which provides additional information related to our land, buildings and leasehold improvements, and Note 20 - "Commitments and Contingencies" under the caption "Commitments", which provides additional information related to our real estate lease commitments.

ITEM 3. LEGAL PROCEEDINGS

See Note 20 - "Commitments and Contingencies" under the caption “Contingencies” for information regarding legal proceedings in which we are involved.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock has been listed on the New York Stock Exchange ("NYSE") under the symbol "DXC" since April 3, 2017. Prior to that time, there was no public market for our stock. The following table sets forth for the indicated periods the high and low intra-day sales prices per share for our common stock on the NYSE.

	Fiscal 2018	
Fiscal Quarter	High	Low
1st (from April 3, 2017)	$ 80.83	$ 67.76
2nd	86.29	75.64
3rd	99.44	84.85
4th	107.85	91.61

Number of Holders

As of May 11, 2018, there were 49,715 holders of record of our common stock.

Dividends

Cash dividends declared on DXC common stock for each quarter of fiscal 2018 are included in Selected Quarterly Financial Data (Unaudited) in Part II, Item 8 of this Annual Report.

We intend to continue to pay a quarterly cash dividend during fiscal 2019. The declaration and payment of future dividends, the amount of any such dividends, and the establishment of record and payment dates for dividends, if any, are subject to final determination by our Board of Directors after review of our current strategy and financial performance and position, among other things.

Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended March 31, 2018 was as follows:

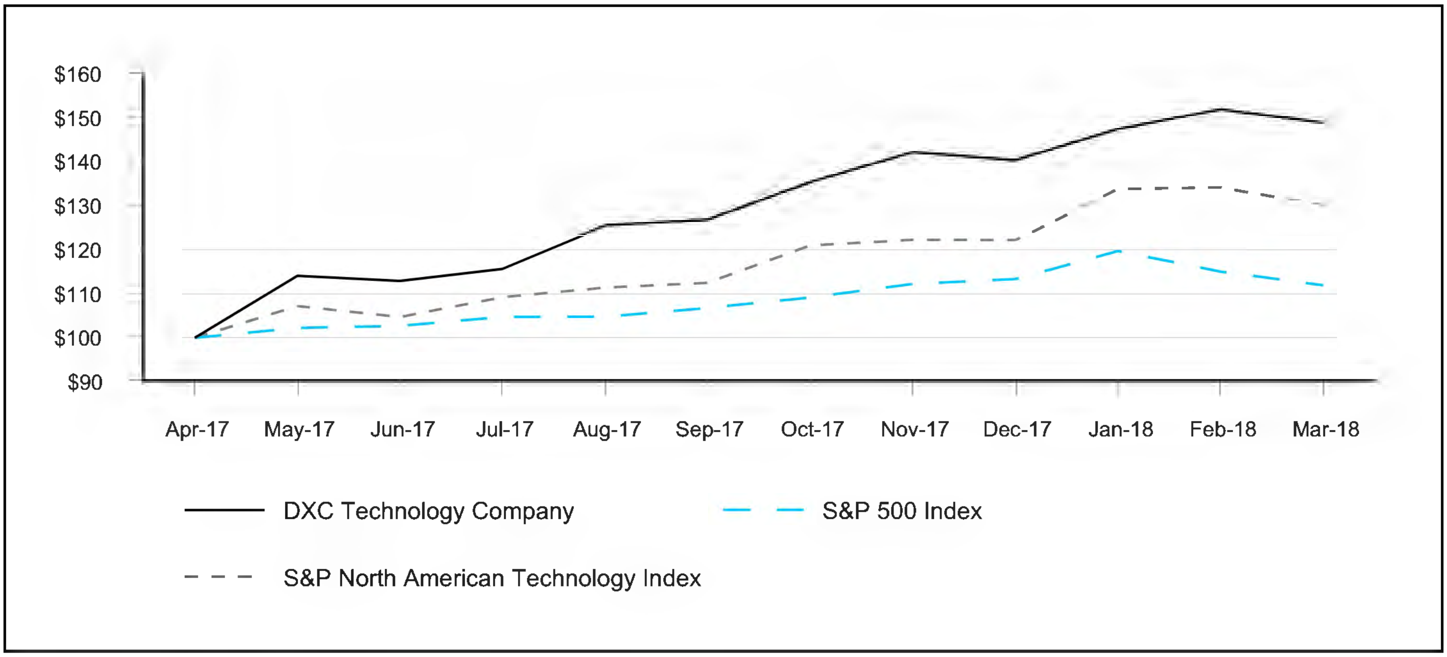
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2018 to January 31, 2018	—	$ —	—	$ 1,934,396,361
February 1, 2018 to February 28, 2018	170,700	$ 98.37	170,700	$ 1,917,604,585
March 1, 2018 to March 31, 2018	525,577	$ 104.84	525,577	$ 1,862,504,589

[1] *On April 3, 2017, we announced the establishment of a share repurchase plan approved by the Board of Directors with an initial authorization of up to $2.0 billion for future repurchases of outstanding shares of our common stock. 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. See Note 14 - "Stockholders' Equity" for further discussion regarding share repurchases.*

Performance Graph

The following graph shows a comparison from April 3, 2017 (the date our common stock commenced trading on the NYSE) through March 31, 2018 of the cumulative total return for our common stock, the Standard & Poor's 500 Stock Index ("S&P 500 Index") and the Standard & Poor's North American Technology Index ("S&P North American Technology Index"). The graph assumes that $100 was invested at the market close on April 3, 2017 in our common stock, the S&P 500 Index, and the S&P North American Technology Index and that dividends have been reinvested. The stock price performance of the following graph is not necessarily indicative of future stock price performance.

Comparison of Cumulative Total Return



The following table provides indexed returns assuming $100 was invested on April 3, 2017, with annual returns using our fiscal year-end date.

	Indexed Return (April 3, 2017 to March 31, 2018)
DXC Technology Company	48.7%
S&P 500 Index	12.0%
S&P North American Technology Index	30.0%

Equity Compensation Plans

See Item 12, contained in Part III of this Annual Report for information regarding our equity compensation plans.

ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

The following table sets forth our selected consolidated historical financial data as of the dates and for the periods indicated. Our selected consolidated financial data set forth below as of March 31, 2018 and 2017 and for the fiscal years ended March 31, 2018, March 31, 2017, and April 1, 2016 have been derived from the audited consolidated financial statements included elsewhere herein. Our selected consolidated financial data set forth below as of April 1, 2016, April 3, 2015, and March 28, 2014 and for the fiscal years ended April 3, 2015, and March 28, 2014 are derived from our consolidated financial statements not included elsewhere herein. Our selected consolidated financial information for fiscal 2018, 2017 and 2016 should be read in conjunction with the financial statements and notes and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" which are included elsewhere in this Annual Report on Form 10-K.

Statement of Operations Data:

	Fiscal Years Ended				
(in millions, except per-share amounts)	2018 [1]	2017 [2]	2016 [3]	2015 [4]	2014 [5]
Revenues	$ 24,556	$ 7,607	$ 7,106	$ 8,117	$ 8,899
Income (loss) from continuing operations, before taxes	1,671	(174)	10	(671)	694
Income tax (benefit) expense	(111)	(74)	(62)	(464)	174
Income (loss) from continuing operations, net of taxes	1,782	(100)	72	(207)	520
Income from discontinued operations, net of taxes	—	—	191	224	448
Net income (loss) attributable to DXC common stockholders	1,751	(123)	251	2	947
Earnings (loss) per common share:					
Basic:					
Continuing operations	$ 6.15	$ (0.88)	$ 0.51	$ (1.45)	$ 3.52
Discontinued operations	—	—	1.31	1.46	2.89
	$ 6.15	$ (0.88)	$ 1.82	$ 0.01	$ 6.41
Diluted:					
Continuing operations	$ 6.04	$ (0.88)	$ 0.50	$ (1.45)	$ 3.45
Discontinued operations	—	—	1.28	1.46	2.83
	$ 6.04	$ (0.88)	$ 1.78	$ 0.01	$ 6.28
Weighted average common shares outstanding for:					
Basic EPS	284.93	140.39	138.28	142.56	147.65
Diluted EPS	289.77	140.39	141.33	142.56	150.76
Cash dividend per common share	$ 0.72	$ 0.56	$ 2.99	$ 0.92	$ 0.80

Balance Sheet Data:

	As of				
(in millions)	March 31, 2018[1]	March 31, 2017	April 1, 2016	April 3, 2015	March 28, 2014
Cash and cash equivalents	$ 2,648	$ 1,263	$ 1,178	$ 2,076	$ 2,418
Total assets	33,921	8,663	7,736	10,221	11,361
Debt					
Long-term debt, net of current maturities	$ 6,306	$ 2,225	$ 1,934	$ 1,635	$ 2,207
Short-term debt and current maturities of long-term debt	2,073	738	710	883	681
Total Debt	$ 8,379	$ 2,963	$ 2,644	$ 2,518	$ 2,888
Total equity	$ 13,837	$ 2,166	$ 2,032	$ 2,965	$ 3,950
Net debt-to-total capitalization [6]	25.8%	33.1%	31.4%	8.1%	6.9%

[1] Fiscal 2018 financial results are not directly comparable to periods ending prior to April 1, 2017 which reflect CSC's financial results before the HPES Merger on April 1, 2017. See Note 1 - "Summary of Significant Accounting Policies". Additionally, fiscal 2018 net income attributable to DXC common stockholders and earnings per common share were impacted by the Tax Cuts and Jobs Act. See Note 11 - "Income Taxes" for further details.

[2] Fiscal 2017 included $238 million of restructuring costs.

[3] Fiscal 2016 included $95 million of debt extinguishment costs.

[4] Fiscal 2015 included $256 million of restructuring costs and $197 million of SEC settlement related charges.

[5] Fiscal 2014 included $74 million of restructuring costs.

[6] Net debt-to-total capitalization is a non-GAAP measure used by management to assess our ability to service our debts using only our cash and cash equivalents. See Part II, Item 7 of this Annual Report on Form 10-K under the heading "Liquidity and Capital Resources" for additional information.

ITEM 7. 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 fiscal year ended March 31, 2018 and our financial condition as of March 31, 2018. The MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and 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

Background

DXC was formed by the combination of CSC and HPES on April 1, 2017. We are the world's leading independent, end-to-end IT services company, serving nearly 6,000 private and public-sector clients from a diverse array of industries across 70 countries. Our technology independence, global talent and extensive partner network deliver transformative digital offerings and solutions that help clients harness the power of innovation 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 three segments: GBS, GIS and USPS. 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

In connection with the HPES Merger, CSC was deemed the accounting acquirer of HPES for accounting purposes under GAAP, therefore, CSC is considered DXC's predecessor and the historical financial statements of CSC prior to April 1, 2017, are reflected herein as DXC's historical financial statements. Accordingly, the financial results of DXC as of and for any periods ending prior to April 1, 2017 do not include the financial results of HPES, and therefore, are not directly comparable. Additionally, CSC used to report its results based on a fiscal year convention that comprises four thirteen-week quarters. However, effective April 1, 2017, DXC's fiscal year was modified to end on March 31 of each year with each quarter ending on the last calendar day.

In an effort to provide investors with additional information, the following discussion includes certain comparisons of our results of operations for the fiscal year ended March 31, 2018 to our pro forma results of operations for the fiscal year ended March 31, 2017. Our pro forma results of operations for the fiscal year ended March 31, 2017 are based upon the historical statements of operations of each of CSC and HPES, giving effect to the HPES Merger as if it had been consummated on April 2, 2016. CSC reported its results based on a fiscal year convention that comprised four thirteen-week quarters. HPES reported its results on a fiscal year basis ended October 31. As a consequence of CSC and HPES having different fiscal year-end dates, all references to the unaudited pro forma statement of operations include the results of operations of CSC for the fiscal year ended March 31, 2017 and of HPES for the fiscal year ended January 31, 2017. See "Unaudited Pro Forma Combined Statement of Operations" below for additional information.

The following table sets forth certain financial data for fiscal 2018, 2017 and 2016:

	Fiscal Years Ended		
(In millions, except per-share amounts)	March 31, 2018	March 31, 2017	April 1, 2016
Revenues	$ 24,556	$ 7,607	$ 7,106
Income (loss) from continuing operations, before taxes	1,671	(174)	10
Income tax benefit	(111)	(74)	(62)
Income (loss) from continuing operations	1,782	(100)	72
Income from discontinued operations, net of taxes	—	—	191
Net income (loss)	$ 1,782	$ (100)	$ 263
Diluted earnings (loss) per share:			
Continuing operations	$ 6.04	$ (0.88)	$ 0.50
Discontinued operations	—	—	1.28
	$ 6.04	$ (0.88)	$ 1.78

Fiscal 2018 Highlights

During fiscal 2018, we surpassed our first year HPES Merger integration milestones, delivering over $1 billion of year one cost take-out. The additional savings were primarily driven by workforce optimization actions including the acceleration of management reductions and the global deployment of our automation program, Bionix. These ongoing cost actions address both internal labor, as well as third party contractors. We further enhanced our workforce management processes to cost-effectively deliver existing business while staffing the required labor for new business. We also executed on several initiatives to optimize non-labor spend, including ongoing rate negotiations, vendor consolidation, demand management, reductions in maintenance expense and rationalization of facilities.

Fiscal 2018 financial highlights include the following:

- Fiscal 2018 revenues were $24,556 million.
- Fiscal 2018 net income and diluted EPS were $1,782 million and $6.04, respectively, including the cumulative impact of certain items of $550 million, or $1.90 per share, reflecting restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and other post-retirement benefit ("OPEB") actuarial and settlement gains and a tax adjustment related to U.S. tax reform.
- Our cash and cash equivalents were $2,648 million at March 31, 2018.
- We generated $3,243 million of cash from operations during fiscal 2018.
- The Company returned $311 million to shareholders in the form of common stock dividends and share repurchases during fiscal 2018.

Revenues

The following discussion includes a comparison of our revenues for fiscal 2018 compared with fiscal 2017 and fiscal 2017 compared with fiscal 2016. The discussion of revenues for fiscal 2018 compared with fiscal 2017 contains an analysis on a GAAP basis and on a pro forma basis giving effect to the HPES Merger. The discussion of revenues for fiscal 2017 compared with fiscal 2016 contains an analysis on a GAAP basis only and does not include revenues of HPES.

Fiscal 2018 compared with fiscal 2017

	Fiscal Years Ended			
(in millions)	March 31, 2018	March 31, 2017	Change	Percentage Change [NM]
GBS	$ 9,254	$ 4,173	$ 5,081	—
GIS	12,479	3,434	9,045	—
USPS	2,823	—	2,823	—
Total Revenues	$ 24,556	$ 7,607	$ 16,949	—

[NM] Calculation is not meaningful.

The increase in revenues for fiscal 2018 compared with fiscal 2017 was driven by the HPES Merger.

As a global company, over 56% of our fiscal 2018 revenues 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 for the fiscal year ended March 31, 2018 compared to pro forma revenues for the fiscal year ended March 31, 2017:

	Fiscal Years Ended			
(in millions)	Constant Currency March 31, 2018[1]	Pro Forma March 31, 2017 [2]	Change	Percentage Change
GBS	$ 9,093	$ 9,530	$ (437)	(4.6)%
GIS	12,249	13,018	(769)	(5.9)%
USPS	2,823	2,846	(23)	(0.8)%
Total Revenues	$ 24,165	$ 25,394	$ (1,229)	(4.8)%

[1] Fiscal 2018 revenues are presented at constant currency and include purchase price accounting adjustments of $(24) million, $(98) million and $(8) million for GBS, GIS and USPS, respectively. See Note 2 - "Acquisitions."

[2] Our pro forma results of operations are further discussed below in the section "Unaudited Pro Forma Combined Statement of Operations."

Our Digital revenue cuts across all three of our reporting segments of GBS, GIS, and USPS, and includes Enterprise, Cloud Applications and Consulting, Cloud, Analytics and Security. Digital revenue grew year-over-year, reflecting our clients' accelerating shift to Digital. During fiscal 2018, we also formed a new digital business team to jointly develop digital transformations with our clients, leveraging assets from across the company and our partnerships.

Global Business Services

Our GBS segment revenues were $9.3 billion for fiscal 2018, representing an increase of $5.1 billion over fiscal 2017. The revenue growth is attributed to the HPES Merger.

Constant currency revenues were $9.1 billion for fiscal 2018 compared to $9.5 billion for fiscal 2017 on a pro forma basis. The $0.4 billion decrease was primarily driven by $0.9 billion of contracts that concluded or were renewed at a lower rate. These decreases were partially offset by a $0.7 billion increase in revenues from new business as well as the contributions from our recent acquisition of Tribridge. Digital revenues in Enterprise, Cloud Applications and Consulting and Analytics grew year-over-year, offset by declines in traditional Application Services revenues. Enterprise, Cloud Applications and Consulting offerings continue to drive growth through an expanded portfolio of quick start offerings, which allow us to rapidly understand the client environment and develop more impactful large scale transformations.

Global Infrastructure Services

Our GIS segment revenues were $12.5 billion for fiscal 2018, representing an increase of $9.0 billion over fiscal 2017. The revenue growth is attributed to the HPES Merger.

Constant currency revenues were $12.2 billion for fiscal 2018 compared to $13.0 billion for fiscal 2017 on a pro forma basis. The $0.8 billion decrease was primarily driven by $1.3 billion of contracts that concluded or were renewed at a lower rate. These decreases were partially offset by a $0.6 billion increase in revenues from new business. Cloud revenue grew year-over-year as clients continue to migrate workloads from legacy infrastructure environments to hybrid cloud environments.

United States Public Sector

We began to report the USPS segment, formerly the HPES U.S. public sector business, in fiscal 2018. The USPS segment provides infrastructure and other services similar to our GIS and GBS segments to all levels of government in the U.S.

Constant currency revenues were $2.8 billion for fiscal 2018 compared to $2.8 billion for fiscal 2017 on a pro forma basis. The year-over-year comparison of revenues was impacted by an increase in revenues from new business during fiscal 2018 that was offset by the non-recurrence of a contract reset that resulted in a one-time revenue increase in fiscal 2017.

During fiscal 2018, GBS, GIS and USPS had contract awards of $10.2 billion, $11.6 billion and $1.9 billion, respectively.

Fiscal 2017 compared with fiscal 2016

	Fiscal Years Ended			
(in millions)	March 31, 2017	April 1, 2016	Change	Percentage Change
GBS	$ 4,173	$ 3,637	$ 536	14.7%
GIS	3,434	3,469	(35)	(1.0)%
Total Revenues	$ 7,607	$ 7,106	$ 501	7.1%

Our fiscal 2017 revenues increased $501 million as compared with fiscal 2016. The increase was due to growth in our GBS segment and revenues from our recent acquisitions. The increase in fiscal 2017 revenues was partially offset by a decrease in revenues of $317 million caused by contracts that concluded or were renewed at lower rates and a $221 million adverse impact of foreign currency movement due to the strengthening of the U.S. dollar against the British pound.

The table below summarizes our constant currency revenues for the fiscal year ended March 31, 2017 compared to the fiscal year ended April 1, 2016:

	Fiscal Years Ended			
(in millions)	**March 31, 2017[1]**	**April 1, 2016**	**Change**	**Percentage Change**
GBS	$ 4,291	$ 3,637	$ 654	18.0%
GIS	3,537	3,469	68	2.0%
Total Revenues	$ 7,828	$ 7,106	$ 722	10.2%

[1] *Fiscal 2017 revenues are presented at constant currency. Constant currency revenues is a non-GAAP measure and is further described above in the section "Fiscal 2018 compared with fiscal 2017."*

Global Business Services

The $654 million, or 18.0%, constant currency increase for fiscal 2017 as compared to fiscal 2016 was driven by growth in next generation business processing services offerings, as well as contributions from our recent acquisitions, primarily within our Digital Applications business and our IS&S business where we continue to prioritize the development of our digital capabilities. Digital Applications, our enterprise, cloud applications and consulting business, increased over 38% in constant currency and IS&S increased over 26% in constant currency when compared to prior fiscal year. The increase was largely due to revenues from our recent acquisitions which we continue to integrate into our existing business and new business revenues increased $249 million. These increases were partially offset by a $274 million decrease in revenues from contracts that concluded and a $131 million decline from contracts renewed at lower rates.

Global Infrastructure Services

GIS segment constant currency revenues for fiscal 2017 increased $68 million, or 2.0%, as compared to fiscal 2016. The increase was primarily due to an increase of $243 million in revenues from new business and an increase in revenues contributed from our recent acquisitions. In addition, we recognized incremental revenues of $43 million under our GIS segment's portion of the IP matters agreement (see Note 3 - "Divestitures"). These increases were partially offset by decreases in revenues of $335 million from contracts that concluded, $89 million from contracts renewed with scope changes and $23 million due to price-downs. We continued to take actions to mitigate the secular headwinds facing our traditional IT outsourcing business and focus GIS on the next generation digital needs of our clients.

During fiscal 2017, GBS and GIS had contract awards of $4.9 billion and $3.7 billion, respectively, as compared to fiscal 2016 contract awards of $4.3 billion and $4.3 billion.

Costs and Expenses

Our total costs and expenses were as follows:

	Fiscal Years Ended			Percentage of Revenues		
(in millions)	March 31, 2018	March 31, 2017[1]	April 1, 2016[1]	2018	2017[1]	2016[1]
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 17,944	$ 5,545	$ 5,185	73.0%	72.9%	73.0%
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,010	1,279	1,059	8.2	16.8	14.9
Depreciation and amortization	1,964	647	658	8.0	8.5	9.3
Restructuring costs	803	238	23	3.3	3.1	0.3
Interest expense, net	246	82	85	1.0	1.1	1.2
Debt extinguishment costs	—	—	95	—	—	1.3
Other income, net	(82)	(10)	(9)	(0.3)	(0.1)	(0.1)
Total costs and expenses	$ 22,885	$ 7,781	$ 7,096	93.2%	102.3%	99.9%

[1] Fiscal 2017 and 2016 costs and expenses are for CSC only and therefore are not directly comparable to fiscal 2018 costs and expenses.

During fiscal 2018, we took actions to optimize our workforce, extract greater supply chain efficiencies and rationalize our real estate footprint. We reduced our labor base by approximately 13% through a combination of automation, best shoring and pyramid correction. We also rebalanced our skill mix, including the addition of more than 18,000 new employees and the ongoing retraining of the existing workforce. In real estate, we restructured over four million square feet of space during fiscal 2018.

Costs of Services

Fiscal 2018 compared with fiscal 2017

Cost of services excluding depreciation and amortization and restructuring costs ("COS") was $17.9 billion for fiscal 2018 as compared to $5.5 billion for fiscal 2017. The increase in COS was driven by the HPES Merger and was partially offset by reduction in costs associated with our labor base and real estate. COS for fiscal 2018 included $192 million of pension and OPEB actuarial and settlement gains associated with our defined benefit pension plans.

Fiscal 2017 *compared with fiscal 2016*

COS as a percentage of revenues remained consistent year over year. The $360 million increase in COS was largely related to our acquisitions and a $31 million gain on the sale of certain intangible assets in our GIS segment during fiscal 2016 not present in the current fiscal year. This increase was offset by management's ongoing cost reduction initiatives and a year-over-year favorable change of $28 million to pension and OPEB actuarial and settlement losses associated with our defined benefit pension plans. The amount of restructuring charges, net of reversals, excluded from COS was $219 million and $7 million for fiscal 2017 and 2016, respectively.

Selling, General and Administrative

Fiscal 2018 compared with fiscal 2017

Selling, general and administrative expense excluding depreciation and amortization and restructuring costs ("SG&A") was $2.0 billion for fiscal 2018 as compared to $1.3 billion for fiscal 2017. The increase in SG&A was driven by the HPES Merger. Integration, separation and transaction-related costs were $408 million during fiscal 2018, as compared to $305 million during fiscal 2017.

Fiscal 2017 compared with fiscal 2016

SG&A as a percentage of revenues increased 2.2% to 16.8% for fiscal 2017 from 14.6% for fiscal 2016. The increase was due to transaction and integration costs of $305 million associated with our recent acquisitions and the HPES Merger, an increase of $16 million in the recognition of pension and OPEB actuarial and pension settlement losses and a non-recurring settlement recovery of $16 million recorded as a reduction of SG&A during fiscal 2016, not present in the current fiscal year. These increases were partially offset by higher revenues. During fiscal 2017 and 2016, we recognized $15 million and $(1) million, respectively, of actuarial and pension settlement losses (gains) in SG&A. The amount of restructuring charges, net of adjustments, excluded from SG&A was $19 million and $16 million for fiscal 2017 and 2016, respectively.

Depreciation and Amortization

Fiscal 2018 compared with fiscal 2017

Depreciation and amortization expense ("D&A") was $2.0 billion for fiscal 2018 as compared to $0.6 billion for fiscal 2017. The increase in D&A was attributed to acquired property and equipment and intangible assets associated with the HPES Merger.

Fiscal 2017 compared with fiscal 2016

D&A as a percentage of revenues decreased less than 1% to 8.5% for fiscal 2017 from 9.3% for fiscal 2016 due to an increase in revenues for the GBS segment and lower D&A within the GIS segment as a result of reduced capital expenditures from contract terminations, as well as a continued focus on capital efficiency. The decrease in the D&A ratio was partially offset by an increase in amortization related to acquisitions, primarily within the GBS segment.

Restructuring Costs

Restructuring costs represent severance related to workforce optimization programs and expense associated with facilities and data center rationalization.

During fiscal 2018, 2017 and 2016 we initiated certain restructuring actions across our segments. The fiscal 2018 restructuring initiatives are intended to reduce our core structure and related operating costs, improve our competitiveness, and facilitate the achievement of acceptable and sustainable profitability following our recent acquisitions and the HPES Merger.

Total restructuring costs recorded, net of reversals, during fiscal 2018, 2017 and 2016 were $803 million, $238 million and $23 million, respectively. The net amounts recorded included $13 million, $6 million and $7 million of pension benefit augmentations for fiscal 2018, 2017 and 2016, respectively, owed to certain employees under legal or contractual obligations. These augmentations will be paid as part of normal pension distributions over several years.

See Note 19 - "Restructuring Costs" for additional information about our restructuring actions.

Interest Expense and Interest Income

Fiscal 2018 compared with fiscal 2017

Interest expense for fiscal 2018 was $335 million as compared to $117 million in fiscal 2017. The year-over-year increase in interest expense includes interest expense associated with $5.6 billion of debt acquired in connection with the HPES Merger.

Interest income for fiscal 2018 was $89 million as compared to $35 million in fiscal 2017. The year-over-year increase in interest income was due to higher cash balances during fiscal 2018 as compared to the prior fiscal year.

Fiscal 2017 compared with fiscal 2016

Interest expense for fiscal 2017 was $117 million as compared to $123 million in fiscal 2016. The year-over-year decrease in interest expense was due to the fourth quarter fiscal 2016 redemption of our 6.50% term notes and lower interest rates on our existing debt.

Interest income for fiscal 2017 was $35 million as compared to $38 million in fiscal 2016. The decrease in interest income was due to lower average deposit balances in our money market funds and money market deposit accounts during fiscal 2017 as compared to the prior fiscal year.

Debt Extinguishment Costs

During fiscal 2016, CSC redeemed all outstanding 6.50% term notes due March 2018 at par plus redemption premiums related to a make-whole provision and accrued interest. Debt extinguishment costs of $95 million for fiscal 2016 consists primarily of redemption premiums. There were no debt extinguishment costs recorded in fiscal 2018 or fiscal 2017.

Other Income, Net

Fiscal 2018 compared with fiscal 2017

Other income, net consists of 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 $72 million increase in other income for fiscal 2018 was primarily due to foreign currency gain related to a change in the functional currency of a European holding company.

Fiscal 2017 compared with fiscal 2016

The $1 million year-over-year increase in other income was due to a $7 million year-over-year benefit of favorable movements in foreign currency exchange rates used to fair value our foreign currency forward contracts and the related foreign currency denominated assets and liabilities partially offset by a $6 million gain on sale of certain assets during fiscal 2016 not present in fiscal 2017.

Taxes

Our effective tax rate ("ETR") on income (loss) from continuing operations, before taxes for fiscal 2018, 2017 and 2016 was (6.6)%, (42.5)% and (620.0)%, respectively. A reconciliation of the differences between the U.S. federal statutory rate and the ETR, as well as other information about our income tax provision, is provided in Note 11 - "Income Taxes."

In fiscal 2018, the ETR was primarily impacted by the effects of the Act:

- The release of a deferred tax liability relating to the outside basis difference of foreign subsidiaries which increased the income tax benefit and decreased the ETR by $554 million and 33.2%, respectively.
- The accrual of the one-time transition tax on estimated unremitted foreign earnings which decreased the income tax benefit and increased the ETR by $361 million and 21.6%, respectively.
- The remeasurement of deferred tax assets and liabilities as a result of the Act, which increased the income tax benefit and decreased the ETR by $338 million and 20.3%, respectively.

In fiscal 2017, the ETR was primarily impacted by:

- A change in the valuation allowance that primarily consists of an aggregate income tax detriment for the increase in the valuation allowances on tax attributes primarily in the U.S., Germany and Luxembourg, which decreased the overall income tax benefit and decreased the ETR by $135 million and 78%, respectively. Offset by an aggregate income tax benefit related to the release of valuation allowances on tax attributes primarily in the U.K., Denmark and Japan, which increased the overall income tax benefit and increased the ETR by $75 million and 43.0%, respectively.
- An income tax detriment for transaction costs incurred that are not deductible for tax purposes, which resulted in a decrease to the overall tax benefit and decreased the ETR by $21 million and 12.1%, respectively.

- An income tax benefit from excess tax benefits realized from employee share-based payment awards, which resulted in an increase in the overall income tax benefit and increased the ETR by $20 million and 11.3%, respectively.

In fiscal 2016, the ETR was primarily impacted by:

- The adoption of a new accounting standard on excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- An increase in the overall valuation allowance primarily due to the Separation related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the income tax benefit by $58 million and increased the ETR by 580%.
- Adjustments to uncertain tax positions in the U.S. that increased the overall income tax benefit by $24 million and increased the ETR by 240%, respectively.

The IRS is examining CSC's federal income tax returns for fiscal 2008 through 2016. With respect to CSC's fiscal 2008 through 2010 federal tax returns, we 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. We have an agreement in principle with the IRS Office of Appeals as to some but not all of these adjustments. We have agreed to extend the statute of limitations associated with this audit through April 30, 2019. In addition, during the first quarter of fiscal 2018, we received a Revenue Agent’s Report with proposed adjustments to CSC's fiscal 2011 through 2013 federal returns. We have filed a protest of certain of these adjustments to the IRS Office of Appeals. The IRS is also examining CSC's fiscal 2014 through 2016 federal income tax returns. We have not received any adjustments for this cycle. For HPES entities the IRS is examining federal income tax returns for fiscal 2008 through 2012. In addition, HPE entities have received a Revenue Agent's Report with respect to calendar years 2005 through 2008, and these adjustments were protested to the IRS Office of Appeals. We continue to believe that our tax positions are more-likely-than-not sustainable and that we will ultimately prevail.

In addition, we 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 we have accrued as uncertain tax positions. We 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, we could settle positions by payment with the tax authorities for amounts lower than those that have been accrued or extinguish a position through payment. We believe the outcomes that are reasonably possible within the next twelve months may result in a reduction in liability for uncertain tax positions of $36 million to $70 million, excluding interest, penalties, and tax carry-forwards.

Income from Discontinued Operations

Income from discontinued operations, net of taxes, primarily reflects the results of operations of CSC's former NPS segment which was divested on November 27, 2015. There were no discontinued operations in fiscal 2018 or fiscal 2017.

Earnings (Loss) Per Share

Fiscal 2018 compared with fiscal 2017

Diluted EPS for fiscal 2018 was $6.04, an increase of $6.92 per share compared with the prior fiscal year. The increase was due to an increase of $1,874 million in net income attributable to DXC common stockholders, partially offset by an increase in weighted average common shares outstanding for diluted EPS attributable to capital restructuring associated with the HPES Merger.

Diluted EPS for fiscal 2018 includes $2.06 per share of restructuring costs, $1.00 per share of transaction, separation and integration-related costs, $1.37 per share of amortization of acquired intangible assets, $(0.60) per share of pension and OPEB actuarial and settlement gains, and $(1.94) per share reflecting the estimated non-recurring benefit of the Act.

Fiscal 2017 compared with fiscal 2016

Diluted EPS from continuing operations in fiscal 2017 decreased $1.38 per share to $(0.88) per share primarily due to $403 million of transaction and integration related costs during fiscal 2017 for the HPES Merger and other acquisitions. In addition, restructuring costs increased $215 million as compared to the same period in the prior year. These decreases were partially offset by the non-recurrence of fiscal 2016 debt extinguishment costs of $95 million.

Total diluted EPS for fiscal 2017 decreased $2.66 per share due to the reasons mentioned above for EPS from continuing operations and the lack of discontinued operations associated with the Separation of NPS during the current fiscal year.

Unaudited Pro Forma Condensed Combined Statement of Operations

In an effort to provide investors with additional information, we are disclosing certain unaudited pro forma financial information of DXC for the fiscal year ended March 31, 2017 as supplemental information herein. The following unaudited pro forma condensed combined statement of operations of DXC (the “unaudited pro forma statement of operations”) is for the fiscal year ended March 31, 2017 after giving effect to the HPES Merger. See Note 1 - "Summary of Significant Accounting Policies" and Note 2 - "Acquisitions" for additional information about the HPES Merger.

CSC reported its results based on a fiscal year convention that comprised four thirteen-week quarters. Every fifth year included an additional week in the first quarter to prevent the fiscal year moving from an approximate end of March date. HPES reported its results on a fiscal year basis ended October 31. As a consequence of CSC and HPES having different fiscal year-end dates, all references to the unaudited pro forma statement of operations include the results of operations of CSC for the fiscal year ended March 31, 2017 and of HPES for the fiscal year ended January 31, 2017.

The historical combined statement of operations of HPES was “carved-out” from the combined statement of operations of HPE and reflects assumptions and allocations made by HPE. The combined statement of operations of HPES included all revenues and costs directly attributable to HPES and an allocation of expenses related to certain HPE corporate functions. The results of operations in the HPES historical combined statement of operations does not necessarily include all expenses that would have been incurred by HPES had it been a separate, stand-alone entity. Actual costs that may have been incurred if HPES had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, functions outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. Consequently, HPES’ historical combined statement of operations does not necessarily reflect what HPES’ results of operations would have been had HPES operated as a stand-alone company during the period presented.

The unaudited pro forma statement of operations has been prepared using the acquisition method of accounting with CSC considered the accounting acquirer of HPES. The unaudited pro forma statement of operations combines the historical results of CSC and HPES, reflects preliminary purchase accounting adjustments and aligns accounting policies of CSC and HPES. The historical statements of operations have been adjusted in the unaudited pro forma statement of operations to give effect to pro forma events that were (i) directly attributable to the HPES Merger, (ii) factually supportable, and (iii) which are expected to have a continuing impact on the consolidated results of operations of DXC. The pro forma results do not reflect the costs of integration activities or benefits that may result from realization of first-year synergies.

The adjustments included in the unaudited pro forma statement of operations were based upon currently available information and assumptions that management of DXC believes to be reasonable. The unaudited pro forma statement of operations is for informational purposes only and is not intended to represent or to be indicative of the actual results of operations that the combined company would have reported had the HPES Merger been completed on April 2, 2016, and should not be taken as being indicative of DXC’s future consolidated financial results.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

	Historical				
(in millions, except per-share amounts)	CSC for the Twelve Months Ended March 31, 2017	HPES for the Twelve Months Ended January 31, 2017	Reclassifications	HPES Merger Adjustments	Pro Forma Combined
Revenues	$ 7,607	$ 17,787	$ —	$ —	$ 25,394
Costs of services (excludes depreciation and amortization and restructuring costs)	5,545	15,132	(1,063)	(615)	18,999
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	1,279	2,106	(314)	(433)	2,638
Depreciation and amortization	647	—	1,620	161	2,428
Amortization of intangible assets	—	231	(231)	—	—
Restructuring costs	238	622	—	—	860
Divestiture charges	—	13	(13)	—	—
Interest expense	117	—	176	49	342
Interest income	(35)	—	(46)	—	(81)
Defined benefit plan settlement charges	—	(1)	1	—	—
Other expense, net	(10)	—	8	—	(2)
Total costs and expenses	7,781	18,103	138	(838)	25,184
Interest and other, net	—	(143)	143	—	—
(Loss) income before income taxes	(174)	(459)	5	838	210
Income tax (benefit) expense	(74)	73	—	234	233
Net (loss) income	(100)	(532)	5	604	(23)
Less: net income attributable to non-controlling interest, net of tax	23	—	5	—	28
Net loss attributable to DXC common stockholders	$ (123)	$ (532)	$ —	$ 604	$ (51)
Loss per common share:					
Basic	$ (0.88)				$ (0.18)
Diluted	$ (0.88)				$ (0.18)
Weighted-average common shares:					
Basic	140.39				283.16
Diluted	140.39				283.16

Non-GAAP Financial Measures

We present non-GAAP financial measures of performance which are derived from the statements of operations and unaudited pro forma statement 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.

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 or pro forma basis. These non-GAAP financial measures exclude certain items from GAAP results that DXC management believes are not indicative of core operating performance. DXC management believes these non-GAAP measures provide investors supplemental information about 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.

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 or on a pro forma basis. 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 or on a pro forma basis include:

	Fiscal Years Ended	
(in millions)	March 31, 2018	Pro Forma March 31, 2017
Income (loss) from continuing operations	$ 1,671	$ 210
Non-GAAP income from continuing operations	$ 3,253	$ 2,184
Net income (loss)	$ 1,782	$ (23)
Adjusted EBIT	$ 3,499	$ 2,445

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP adjustments include:

- Restructuring - 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.
- Pension and OPEB actuarial and settlement gains and losses - reflects pension and OPEB actuarial and settlement gains and losses.
- Certain overhead costs - reflects certain fiscal 2017 HPE costs allocated to HPES that are expected to be largely eliminated on a prospective basis.
- Tax adjustment - reflects the estimated non-recurring benefit of the Tax Cuts and Jobs Act of 2017 for fiscal 2018 and the application of an approximate 27.5% pro forma tax rate for fiscal 2017, which is the midpoint of prospective targeted effective tax rate range of 25% to 30% and effectively excludes the impact of discrete tax adjustments for that period.

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

	Fiscal Year Ended March 31, 2018						
(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Pension and OPEB Actuarial and Settlement Gains	Tax Adjustment	Non-GAAP Results
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 17,944	$ —	$ —	$ —	$ 192	$ —	$ 18,136
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,010	—	(408)	—	28	—	1,630
Income (loss) from continuing operations, before taxes	1,671	803	408	591	(220)	—	3,253
Income tax (benefit) expense	(111)	206	117	193	(45)	561	921
Net income (loss)	1,782	597	291	398	(175)	(561)	2,332
Less: net income attributable to non-controlling interest, net of tax	31	—	—	—	—	—	31
Net income (loss) attributable to DXC common stockholders	$ 1,751	$ 597	$ 291	$ 398	$ (175)	$ (561)	$ 2,301
Effective Tax Rate	(6.6)%						28.3%
Basic EPS from continuing operations	$ 6.15	$ 2.10	$ 1.02	$ 1.40	$ (0.61)	$ (1.97)	$ 8.08
Diluted EPS from continuing operations	$ 6.04	$ 2.06	$ 1.00	$ 1.37	$ (0.60)	$ (1.94)	$ 7.94
Weighted average common shares outstanding for:							
Basic EPS	284.93	284.93	284.93	284.93	284.93	284.93	284.93
Diluted EPS	289.77	289.77	289.77	289.77	289.77	289.77	289.77

* *The net periodic pension cost within income from continuing operations includes $371 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP income from continuing operations includes $(534) million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.*

A reconciliation of pro forma combined results to pro forma non-GAAP results is as follows:

	Fiscal Year Ended March 31, 2017							
(in millions, except per-share amounts)	**Pro Forma Combined Company**	**Restructuring Costs**	**Transaction, Separation and Integration-Related Costs**	**Amortization of Acquired Intangible Assets**	**Pension and OPEB Actuarial and Settlement Losses**	**Certain Overhead Costs**	**Tax Adjustment**	**Pro Forma Non-GAAP Results**
Costs of services (excludes depreciation and amortization and restructuring costs)	$ 18,999	$ —	$ —	$ —	$ (24)	$ —	$ —	$ 18,975
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,638	—	(398)	—	(1)	(115)	—	2,124
(Loss) income from continuing operations, before taxes	210	860	398	576	25	115	—	2,184
Income tax expense	233	—	—	—	—	—	367	600
Net (loss) income	(23)	860	398	576	25	115	(367)	1,584
Less: net income attributable to non-controlling interest, net of tax	28	—	—	—	—	—	—	28
Net (loss) income attributable to DXC common stockholders	$ (51)	$ 860	$ 398	$ 576	$ 25	$ 115	$ (367)	$ 1,556
Effective Tax Rate	111.0%							27.5%
Basic EPS from continuing operations	$ (0.18)	$ 3.04	$ 1.41	$ 2.03	$ 0.09	$ 0.41	$ (1.30)	$ 5.50
Diluted EPS from continuing operations	$ (0.18)	$ 3.00	$ 1.39	$ 2.01	$ 0.09	$ 0.40	$ (1.28)	$ 5.42
Weighted average common shares outstanding for:								
Basic EPS	283.16	283.16	283.16	283.16	283.16	283.16	283.16	283.16
Diluted EPS	283.16	287.08	287.08	287.08	287.08	287.08	287.08	287.08

Reconciliations of net income (loss) and pro forma net income (loss) to adjusted EBIT and pro forma adjusted EBIT are as follows:

	Fiscal Years Ended	
(in millions)	March 31, 2018	Pro Forma March 31, 2017
Net income (loss)	$ 1,782	$ (23)
Income tax (benefit) expense	(111)	233
Interest income	(89)	(81)
Interest expense	335	342
EBIT	1,917	471
Restructuring costs	803	860
Transaction, separation and integration-related costs	408	398
Amortization of acquired intangible assets	591	576
Pension and OPEB actuarial and settlement (gains) losses	(220)	25
Certain overhead costs	—	115
Adjusted EBIT	$ 3,499	$ 2,445

Liquidity and Capital Resources

Cash and Cash Equivalents and Cash Flows

As of March 31, 2018, our cash and cash equivalents ("cash") were $2.6 billion, of which $1.0 billion was held outside of the United States. 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 held by our foreign subsidiaries will no longer be subject to U.S. income tax consequences upon a subsequent repatriation to the United States. However, a portion of this cash may still be subject to foreign and state income tax consequences upon future remittance. Therefore, if additional funds held outside the U.S. are needed for our operations in the United States, we plan to repatriate these funds. Based on a preliminary analysis, we have recorded a provisional estimate for foreign withholding taxes, state taxes, and India dividend distribution tax of $99 million as described in Note 11 - "Income Taxes". We have changed our permanent reinvestment assertion on our foreign subsidiaries and will no longer consider current and accumulated earnings for all non-U.S. subsidiaries permanently reinvested, except for current year and future Indian earnings.

Cash and cash equivalents increased $1.4 billion during fiscal 2018 to $2.6 billion, primarily due to growth in our business The following table summarizes our cash flow activity:

	Fiscal Year Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Net cash provided by operating activities	$ 3,243	$ 978	$ 802
Net cash used in investing activities	(33)	(926)	(1,180)
Net cash (used in) provided by financing activities	(1,890)	93	(485)
Effect of exchange rate changes on cash and cash equivalents	65	(60)	(57)
Net increase (decrease) in cash and cash equivalents	1,385	85	(920)
Cash and cash equivalents at beginning of year	1,263	1,178	2,098
Cash and cash equivalents at the end of period	$ 2,648	$ 1,263	$ 1,178

Operating cash flow

Net cash provided by operating activities during fiscal 2018 was $3,243 million as compared to $978 million during fiscal 2017. The increase of $2,265 million was predominately due to an increase in net income of $1,882 million. The increase in cash provided by operating activities during fiscal 2018 was partially offset by additional deferred tax adjustments to operating activities of $842 million and an increase in the gain on pension and other post-employment benefits of $307 million.

Net cash provided by operating activities during fiscal 2017 increased $176 million as compared to fiscal 2016. The increase was due to an increase in trade payables of $411 million, a decrease in net account receivables of $457 million, $32 million less restructuring charges compared to fiscal 2016 and a cash outflow of $190 million for SEC settlement paid in fiscal 2016 with no comparative outflow for the current year. In addition, payments received from CSRA under the amended IP matters agreement increased $35 million. The increase in operating cash flows was partially offset by a $189 million increase in payments for transaction and integration-related costs, an increase in the deferred purchase price receivable of $252 million and a $545 million decrease in net income adjusted for non-cash transactions from fiscal 2016.

Investing cash flow

Net cash used in investing activities during fiscal 2018 decreased $893 million to $33 million. The decrease was predominantly due to net cash provided by acquisitions of $735 million during fiscal 2018, compared with cash paid for acquisitions of $434 million during fiscal 2017. The decrease in net cash used in investing activities was partially offset by an increase in cash payments for outsourcing contract costs of $227 million, software purchases of $71 million and a restricted cash outflow of $67 million primarily related to our Federal Receivables Sales Facility.

Net cash used in investing activities during fiscal 2017 decreased $254 million to $926 million. This decrease was driven by a decline of $120 million spent on acquisitions and a decline in capital expenditures of $150 million.

Financing cash flow

Net cash used by financing activities during fiscal 2018 was $1,890 million, as compared to $93 million during fiscal 2017. The $1,983 million increase in net cash used by financing activities was primarily due to a decrease in credit facility draws, net of repayments of $868 million, additional payments on capitalized lease obligations of $915 million, additional payments on long-term debt obligations of $1,379 million and $132 million in payments for repurchases of common stock. These cash outflows were partially offset by draws on long-term debt of $462 million and cash proceeds from bond issuance of $989 million.

Net cash provided by financing activities during fiscal 2017 was $93 million, as compared to cash used of $485 million during fiscal 2016. The decline was due primarily to certain fiscal 2016 cash outflows that did not re-occur during fiscal 2017, including a $350 million repayment of our 2.5% term notes, a $313 million special cash dividend paid as part of the NPS Separation, a $95 million payment for the early extinguishment of debt and payments of $73 million for treasury stock that occurred during fiscal 2016. These declines of cash used in financing activities were partially offset by a $254 million payment of acquired debt from the acquisition of Xchanging and $85 million in net proceeds from the structured sale of our U.K. campus.

Capital Resources

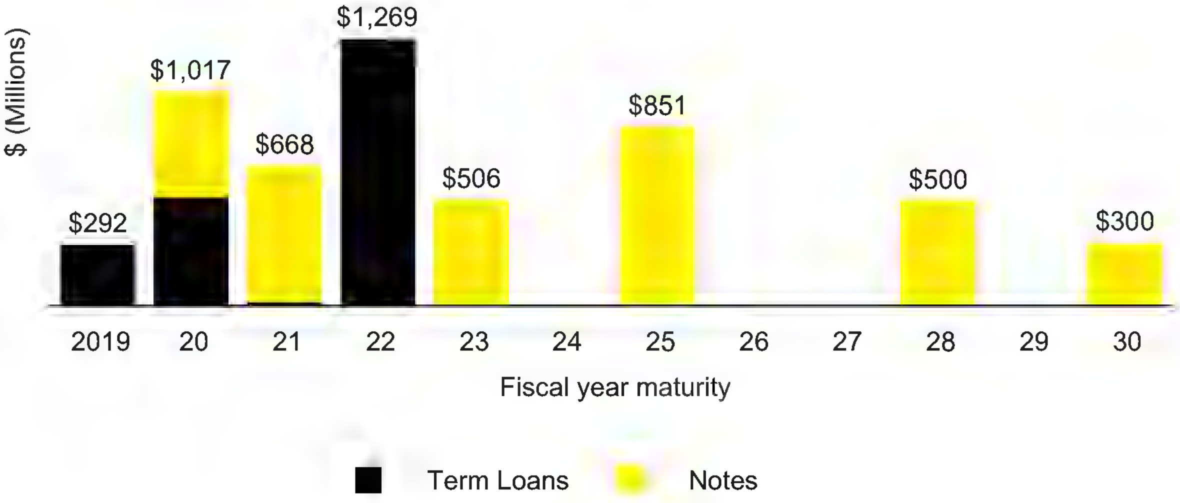
See Note 20 - "Commitments and Contingencies" for a discussion of the general purpose of guarantees and commitments. The anticipated sources of funds to fulfill such commitments are listed below and under the subheading "Liquidity."

The following table summarizes out total debt:

	As of	
(in millions)	**March 31, 2018**	**March 31, 2017**
Short-term debt and current maturities of long-term debt	$ 2,073	$ 738
Long-term debt, net of current maturities	6,306	2,225
Total debt	$ 8,379	$ 2,963

The $5.4 billion increase in total debt during fiscal 2018 was attributed primarily to debt assumed in connection with the HPES Merger.

The maturity chart below summarizes the future maturities of long-term debt principal for fiscal years subsequent to March 31, 2018 and excludes maturities of borrowings for assets acquired under long-term financing and capitalized lease liabilities.



During fiscal 2018, we increased commitments under our revolving credit facility to $3.8 billion from $3.0 billion pre-HPES Merger and completed a senior bond offering in an aggregate principal amount of $650 million due 2021, the proceeds of which were used to retire the outstanding USD term loan due 2021. Additionally, we entered into an unsecured €400 million term loan agreement maturing during May 2018, which was subsequently replaced by long-term debt maturing in fiscal 2020, and we entered into amendments to our existing AUD term loan to increase total borrowings to AUD $275 million. We also issued £250 million of senior notes maturing in 2025. The proceeds from these borrowings were used to make prepayments to term loans maturing in 2022 and fully repay the borrowings under revolving credit facilities.

During fiscal 2018, we completed a debt exchange offer whereby $234 million principal amount of the $300 million Senior Notes (the “EDS Notes”) were tendered to DXC in exchange for a like principal amount of DXC notes with identical maturity and interest rate. As of March 31, 2018, DXC held approximately $234 million principal amount of the EDS Notes that were tendered, and which are eliminated upon financial statement consolidation, while the remaining $66 million principal amount of the EDS Notes outstanding were held by public noteholders. Subsequent to the period end, DXC extinguished on May 25, 2018 the $234 million principal amount of EDS Notes that it held in preparation for the USPS Separation and Mergers. The $66 million principal amount of EDS Notes that remain outstanding will remain with the legal entity that is spinning off with the USPS Separation.

We were in compliance with all financial covenants associated with our borrowings as of March 31, 2018 and March 31, 2017. For more information on our debt, see Note 12 - "Debt".

The following table summarizes our capitalization ratios:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Total debt	$ 8,379	$ 2,963
Cash and cash equivalents	2,648	1,263
Net debt[(1)]	$ 5,731	$ 1,700
Total debt	$ 8,379	$ 2,963
Equity	13,837	2,166
Total capitalization	$ 22,216	$ 5,129
Debt-to-total capitalization	37.7%	57.8%
Net debt-to-total capitalization[(1)]	25.8%	33.1%

[(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.

The decrease in net debt-to-total capitalization was primarily due to a $4.0 billion increase in net debt and a $11.7 billion increase in equity, which were primarily a result of the HPES Merger.

As of March 31, 2018, 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	Negative	-

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. However, there can be 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 March 31, 2018
Cash and cash equivalents	$ 2,648
Available borrowings under our revolving credit facility	3,810
Total liquidity	$ 6,458

Share Repurchases

During fiscal 2018, our Board of Directors authorized the repurchase of up to $2.0 billion of our common stock. This program became effective on April 3, 2017 and no end date was established. During fiscal 2018, we repurchased 1,537,782 shares of our common stock at an aggregate cost of $137 million.

Dividends

During fiscal 2018 the Board of Directors of DXC declared aggregate cash dividends to our stockholders of $0.72 per share, or approximately $209 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 a party to arrangements that include guarantees, the receivables securitization facility, receivables sales arrangements and 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 balance sheets. See Note 5 - "Receivables" and Note 20 - "Commitments and Contingencies" for additional information regarding these off-balance sheet arrangements.

Contractual Obligations

Our contractual obligations as of March 31, 2018 were as follows:

(in millions)	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Debt [1]	$ 439	$ 1,964	$ 1,801	$ 1,704	$ 5,908
Capitalized lease liabilities	771	633	121	—	1,525
Operating Leases	705	828	388	763	2,684
Purchase Obligations[2]	1,946	2,303	439	54	4,742
U.S. Tax Reform - Transition Tax [3]	29	58	58	216	361
Interest and preferred dividend payments[4]	200	375	237	338	1,150
Total[5]	$ 4,090	$ 6,161	$ 3,044	$ 3,075	$ 16,370

[1] Amounts represent scheduled principal payments of long-term debt and mandatory redemption of preferred stock of a consolidated subsidiary.

[2] Includes long-term purchase agreements with certain software, hardware, telecommunication and other service providers and exclude agreements that are cancelable without penalty. If we do not meet the specified service minimums, we may have an obligation to pay the service provider a portion of or the entire shortfall.

[3] The calculated amount for transition tax is payable over eight years; 8% of net tax liability in each of years 1-5, 15% in year 6, 20% in year 7, and 25% in year 8. This amount has been calculated provisionally under SAB 118 and is subject to change in future periods. See Note 11 - "Income Taxes" for additional information about the transition tax and for the estimated liability related to unrecognized tax benefits, which has been omitted from this table.

[4] Amounts represent scheduled interest payments on long-term debt and scheduled dividend payments associated with the mandatorily redeemable preferred stock of a consolidated subsidiary excluding contingent dividends associated with the participation and variable appreciation premium features.

[5] See Note 13 - "Pension and Other Benefit Plans" for the estimated liability related to estimated future benefit payments under our Pension and OPEB plans that have been omitted from this table.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with 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.

Revenue Recognition

Most of our revenues are recognized based on objective criteria and do not require significant estimates that may change over time. However, some arrangements are subject to specific accounting guidance that may require significant estimates, including contracts which include multiple-element deliverables.

Multiple-element arrangements

Many of our contracts require us to provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, when considered appropriate, how the total revenues should be allocated among the elements and the timing of revenue recognition for each element. If vendor specific objective evidence is not available, allocation of total contract consideration to each element requires estimating the fair value or selling price of each element based on third party evidence or management's best estimate of selling price for the deliverables when third party evidence ("TPE") is not available. TPE is established by considering our competitors' prices for comparable product and service offerings in the market in which we operate. When we conclude that comparable products or services are sold by competitors to similarly situated customers, we consult available information sources such as published list prices, quoted market prices and industry reports to estimate TPE. We establish a best estimate of selling price consistent with our existing pricing practices involving a cost-plus-reasonable-margin methodology as well as comparison of the margins to those realized on recent contracts for similar products or services in that market. Once the total revenues have been allocated to the various contract elements, revenues for each element are recognized based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met. Estimates of total revenues at contract inception often differ materially from actual revenues due to volume differences, changes in technology or other factors which may not be foreseen at inception.

Income Taxes

We are subject to income taxes in the United States (federal and state) and numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes, analyzing our income tax reserves, the determination of the likelihood of recoverability of deferred tax assets and adjustment of valuation allowances accordingly. In addition, our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. For example, we are currently undergoing IRS audits for CSC's fiscal 2008 through 2016 U.S. Federal tax returns.

As a global enterprise, our ETR is affected by many factors, including our global mix of earnings among countries with differing statutory tax rates, the extent to which our non-U.S. earnings are indefinitely reinvested outside the U.S, changes in the valuation allowance for deferred tax assets, changes in tax regulations, acquisitions, dispositions and the tax characteristics of our income. We cannot predict what our ETR will be in the future because there is uncertainty regarding these factors.

As a result of the HPES Merger and changes in U.S. cash requirements, a deferred tax liability of $542 million was recorded for U.S. income taxes based on the estimated historical taxable earnings of the HPES foreign subsidiaries. In addition, we recorded an estimated liability of $50 million for India DDT tax based on estimated historical taxable earnings of the HPES India subsidiary. These liabilities were recorded as part of acquisition accounting.

As a result of the Tax Cuts and Jobs Act (the "Act"), we have changed our ASC 740-30 assertion with respect to the remaining CSC foreign subsidiaries and no longer consider current and accumulated earnings for all non-U.S. subsidiaries permanently reinvested, except for current year Indian earnings. The deferred tax liability relating to HPES foreign subsidiaries of $554 million has been released and our estimated liability for India DDT was increased by $30 million to $80 million to include estimated historical taxable earnings for CSC Indian subsidiaries. For those subsidiaries from which we were able to make a reasonable estimate of the tax effects of our change in assertion, we have recorded a provisional estimate for withholding taxes, state taxes, and India DDT of $12 million, $7 million and $80 million, respectively. For those subsidiaries which we were not able to make a reasonable estimate, we have not recorded any deferred taxes. We will record the tax effects of any change in our prior assertion with respect to these subsidiaries and disclose any unrecognized deferred tax liability for temporary differences related to our foreign subsidiaries, if practicable, in the period that we are first able to make a reasonable estimate, no later than December 2018.

Considerations impacting the recoverability of deferred tax assets include the period of expiration of the tax asset, planned use of the tax asset and historical and projected taxable income as well as tax liabilities for the tax jurisdiction to which the tax asset relates. In determining whether the deferred tax assets are realizable, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. We recorded a valuation allowance against deferred tax assets of approximately $1.4 billion as of March 31, 2018 due to uncertainties related to the ability to utilize these assets. However, valuation allowances are subject to change in future reporting periods due to changes in various factors.

Changes in tax laws, such as the Act or changes in tax laws resulting from the Organization for Economic Co-operation and Development’s multi-jurisdictional plan of action to address “base erosion and profit shifting” could impact our effective tax rate. The calculation of our tax liabilities involves uncertainties in the application of complex changing tax regulations. As discussed in Note 11 - "Income Taxes", for example, the Act provides provisions that limit interest expense, provide for immediate expensing of qualified assets, further limits executive compensation deductions, generally eliminates Federal tax on foreign dividend distributions, subjects certain payments from U.S. corporations to foreign related parties to additional taxes, places restrictions or eliminates certain exclusions, deductions and credits and generally broadens the tax base. Further guidance for these provisions is forthcoming and the laws are subject to change in future periods.

The Finance Act of 2012 (the "2012 Finance Act") was signed into law in India on May 28, 2012. The 2012 Finance Act provides for the taxation of indirect foreign investment in India, including on a retroactive basis. The 2012 Finance Act overrides the Vodafone NL ruling by the Supreme Court of India which held that the Indian Tax Authorities cannot assess capital gains taxes on the sale of shares of non-Indian companies that indirectly own shares in an Indian company. The retroactive nature of these changes in law has been strongly criticized and challenged in the Indian courts; however, there is no assurance that such a challenge will be successful. We have engaged in the purchase of shares of foreign companies that indirectly own shares of an Indian company and internal reorganizations involving Indian companies. The Indian tax authorities may seek to apply the provisions of the 2012 Finance Act to these prior transactions and seek to tax us directly or as a withholding agent or representative assessee of the sellers involved in prior acquisitions. We believe that the 2012 Finance Act does not apply to these prior acquisitions and that we have strong defenses against any claims that might be raised by the Indian tax authorities.

The U.K. Finance (No 2) Act 2017 was passed into law on 16 November 2017, enacting measures deferred from the Finance Act 2017-19. The legislation imposes, with effect from 1 April 2017, restrictions on the utilization of prior period losses against current period profits and limitations on interest deductions. We do not expect there to be a material impact on our financial statements as a result of this legislation.

Business Combinations

We account for the acquisition of a business using the acquisition method of accounting, which requires us to estimate the fair values of the assets acquired and liabilities assumed. This includes acquired intangible assets such as customer-related intangibles, the liabilities assumed and contingent consideration, if any. Liabilities assumed may include litigation and other contingency reserves existing at the time of acquisition and require judgment in ascertaining the related fair values. Independent appraisals may be used to assist in the determination of the fair value of certain assets and liabilities. Such appraisals are based on significant estimates provided by us, such as forecasted revenues or profits utilized in determining the fair value of contract-related acquired intangible assets or liabilities. Significant changes in assumptions and estimates subsequent to completing the allocation of the purchase price to the assets and liabilities acquired, as well as differences in actual and estimated results, could result in material impacts to our financial results. Adjustments to the fair value of contingent consideration are recorded in earnings. Additional information related to the acquisition date fair value of acquired assets and liabilities obtained during the allocation period, not to exceed one year, may result in changes to the recorded values of acquired assets and liabilities, resulting in an offsetting adjustment to the goodwill associated with the business acquired.

Defined Benefit Plans

The computation of our pension and other post-retirement benefit costs and obligations is dependent on various assumptions. Inherent in the application of the actuarial methods are key assumptions, including discount rates, expected long-term rates of return on plan assets, mortality rates, rates of compensation increases and medical cost trend rates. Our management evaluates these assumptions annually and updates assumptions as necessary. The fair value of assets is determined based on observable inputs for similar assets or on significant unobservable inputs if not available. Two of the most significant assumptions are the expected long-term rate of return on plan assets and the discount rate. Our weighted average rates used were:

	March 31, 2018	March 31, 2017	April 1, 2016
Discount rates	2.5%	3.1%	3.0%
Expected long-term rates of return on assets	4.9%	6.3%	6.3%

The assumption for the expected long-term rate of return on plan assets is impacted by the expected asset mix of the plan; judgments regarding the correlation between historical excess returns and future excess returns and expected investment expenses. The discount rate assumption is based on current market rates for high-quality, fixed income debt instruments with maturities similar to the expected duration of the benefit payment period. The following table provides the impact changes in the weighted-average assumptions would have had on our net periodic pension benefits and settlement and contractual termination charges for fiscal 2018:

(in millions)	Change	Approximate Change in Net Periodic Pension Expense	Approximate Change in Settlement, Contractual Termination, and Mark-to-Market Charges
Expected long-term return on plan assets	0.5%	$ (54)	$ 57
Expected long-term return on plan assets	(0.5)%	$ 54	$ (57)
Discount rate	0.5%	$ 12	$ (1,082)
Discount rate	(0.5)%	$ (24)	$ 1,136

Valuation of Assets

We review long-lived ("assets, intangible assets, and goodwill") for impairment in accordance with our accounting policy disclosed in Note 1 - Summary of Significant Accounting Policies. Assessing the fair value of assets involves significant estimates and assumptions including estimation of future cash flows, the timing of such cash flows, and discount rates reflecting the risk inherent in projecting future cash flows. The valuation of long-lived and intangible assets involves management estimates about future values and remaining useful lives of assets, particularly purchased intangible assets. These estimates are subjective and can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and forecasts.

Evaluation of goodwill for impairment requires judgment, including the identification of reporting units, assignment of assets, liabilities, and goodwill to reporting units and determination of the fair value of each reporting unit. The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions include a significant change in the business climate, established business plans, operating performance indicators or competition which could materially affect the determination of fair value for each reporting unit.

We estimate the fair value of our reporting units using a combination of an income approach, utilizing a discounted cash flow analysis, and a market approach, using market multiples. The discount rate used in an income approach is based on our weighted-average cost of capital and may be adjusted for the relevant risks associated with business-specific characteristics and any uncertainty related to a reporting unit's ability to execute on the projected future cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a multinational company, we are exposed to certain market risks such as changes in foreign currency exchange rates and interest rates. Changes in foreign currency exchange rates can impact our foreign currency denominated monetary assets and liabilities and forecasted transactions in foreign currency, whereas changes in benchmark interest rates can impact interest expense associated with our floating interest rate debt and the fair value of our fixed interest rate debt. A variety of practices are employed to manage these risks, including operating and financing activities and the use of derivative instruments. We do not use derivatives for trading or speculative purposes.

Presented below is a description of our risks together with a sensitivity analysis of each of these risks based on selected changes in market rates. The foreign currency model incorporates the impact of diversification from holding multiple currencies and the correlation of revenues, costs and any related short-term contract financing in the same currency. In order to determine the impact of changes in interest rates on our future results of operations and cash flows, we calculated the increase or decrease in the index underlying these rates. We estimate the fair value of our long-term debt primarily using an expected present value technique using interest rates offered to us for instruments with similar terms and remaining maturities. These analyses reflect management's view of changes that are reasonably possible to occur over a one-year period.

Foreign Currency Risk

We are exposed to both favorable and unfavorable movements in foreign currency exchange rates. In the ordinary course of business, we enter into contracts denominated in foreign currencies. Exposure to fluctuations in foreign currency exchange rates arising from these contracts is analyzed during the contract bidding process. We generally manage these contracts by incurring costs in the same currency in which revenues are received and any related short-term contract financing requirements are met by borrowing in the same currency. Thus, by generally matching revenues, costs and borrowings to the same currency, we are able to mitigate a portion of the foreign currency risk to earnings. However, due to our increased use of offshore labor centers, we have become more exposed to fluctuations in foreign currency exchange rates. We experienced significant foreign currency fluctuations during fiscal 2018 due primarily to the volatility of the Euro in relation to the U.S. dollar and during fiscal 2017 and 2016 due primarily to the volatility of the British pound in relation to the U.S. dollar.

We have policies and procedures to manage exposure to fluctuations in foreign currency by using short-term foreign currency forward contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. For accounting purposes, these foreign currency forward contracts are not designated as hedges and changes in their fair value are reported in current period earnings within other (income) expense, net in the statements of operations. We also use foreign currency forward contracts to reduce foreign currency exchange rate risk related to certain Indian rupee denominated intercompany obligations and forecasted transactions. For accounting purposes these foreign currency forward contracts are designated as cash flow hedges with critical terms that match the hedged items; therefore, the changes in fair value of these forward contracts are recorded in accumulated other comprehensive income, net of taxes in the statements of comprehensive income and subsequently classified into net income in the period during which the hedged transactions are recognized in net income.

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than U.S. dollar, see Note 18 - "Segment and Geographic Information". During fiscal 2018, approximately 56% of our revenues were generated outside of the United States. For the year ended March 31, 2018, a hypothetical 10% change in the value of the U.S. dollar against all currencies would have changed revenues by approximately 6%, or $1.4 billion. The majority of this fluctuation would be offset by expenses incurred in local currency and as a result, there would not be a material change to our income from continuing operations, before taxes. As such, in the view of management, the resulting impact would not be material to our results of operations or cash flows.

Interest Rate Risk

As of March 31, 2018, we had outstanding debt with varying maturities for an aggregate carrying amount of $8.4 billion, of which $3.6 billion was floating interest rate debt. Most of our floating interest rate debt is based upon varying terms of adjusted LIBOR rates; consequently, changes in LIBOR result in the most volatility to our interest expense. Pursuant to our interest rate and risk management strategy we had a series of interest rate swap agreements with a total notional amount of $635 million. These instruments hedged the variability of cash outflows for interest payments on certain floating interest rate debt, which effectively converted $635 million of our floating interest rate debt into fixed interest rate debt. As of March 31, 2018, an assumed 10% unfavorable change in interest rates would not be material to our consolidated results of operations or cash flows. A change in interest rates related to our long-term debt would not have a material impact on our financial statements as we do not record our debt at fair value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

	Page
Report of Independent Registered Public Accounting Firm	60
Consolidated Balance Sheets as of March 31, 2018 and March 31, 2017	61
Consolidated Statements of Operations for the Fiscal Years Ended March 31, 2018, March 31, 2017 and April 1, 2016	62
Consolidated Statements of Comprehensive Income (Loss) for the Fiscal Years Ended March 31, 2018, March 31, 2017 and April 1, 2016	63
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2018, March 31, 2017 and April 1, 2016	64
Consolidated Statements of Changes in Equity for the Fiscal Years Ended March 31, 2018, March 31, 2017 and April 1, 2016	66
Notes to Consolidated Financial Statements	
Note 1–Summary of Significant Accounting Policies	68
Note 2–Acquisitions	78
Note 3–Divestitures	85
Note 4–Earnings Per Share	86
Note 5–Receivables	87
Note 6–Fair Value	89
Note 7–Derivative Instruments	91
Note 8–Property and Equipment	93
Note 9–Intangible Assets	94
Note 10–Goodwill	95
Note 11–Income Taxes	96
Note 12–Debt	107
Note 13–Pension and Other Benefit Plans	110
Note 14–Stockholders' Equity	116
Note 15–Stock Incentive Plans	118
Note 16–Cash Flows	124
Note 17–Other Income/Expense	124
Note 18–Segment and Geographic Information	125
Note 19–Restructuring Costs	128
Note 20–Commitments and Contingencies	131
Note 21–Subsequent Events	137
Supplementary Data	138

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
DXC Technology Company
Tysons, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DXC Technology and subsidiaries (the "Company") as of March 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income (loss), cash flows and changes in equity, for each of the three years in the period ended March 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 29, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission (SEC) and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/DELOITTE & TOUCHE LLP

McLean, Virginia
May 29, 2018

We have served as the Company's auditor since at least 1965; however, the specific year has not been determined.

DXC TECHNOLOGY COMPANY
CONSOLIDATED BALANCE SHEETS

	As of	
(in millions, except per share and share amounts)	March 31, 2018	March 31, 2017 [1]
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,648	$ 1,263
Receivables, net of allowance for doubtful accounts of $40 and $26	5,913	1,643
Prepaid expenses	571	223
Other current assets	485	118
Total current assets	9,617	3,247
Intangible assets, net of accumulated amortization of $3,457 and $2,293	8,091	1,794
Goodwill	9,652	1,855
Deferred income taxes, net	373	381
Property and equipment, net of accumulated depreciation of $3,752 and $2,816	3,646	903
Other assets	2,542	483
Total Assets	$ 33,921	$ 8,663
LIABILITIES and EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$ 2,073	$ 738
Accounts payable	1,708	410
Accrued payroll and related costs	766	248
Accrued expenses and other current liabilities	3,466	998
Deferred revenue and advance contract payments	1,694	518
Income taxes payable	145	38
Total current liabilities	9,852	2,950
Long-term debt, net of current maturities	6,306	2,225
Non-current deferred revenue	802	286
Non-current pension obligations	879	342
Non-current income tax liabilities and deferred tax liabilities	1,329	423
Other long-term liabilities	916	271
Total Liabilities	20,084	6,497
Commitments and contingencies		
DXC stockholders' equity:		
Preferred stock, par value $0.01 per share; authorized 1,000,000 shares; none issued as of March 31, 2018 and March 31, 2017	—	—
Common stock, par value $0.01 per share; authorized 750,000,000 shares; issued 286,393,147 as of March 31, 2018 and 141,298,797 as of March 31, 2017	3	1
Additional paid-in capital	12,210	2,219
Retained earnings (accumulated deficit)	1,301	(170)
Accumulated other comprehensive income (loss)	58	(162)
Treasury stock, at cost, 1,016,947 and 0 shares as of March 31, 2018 and March 31, 2017	(85)	—
Total DXC stockholders' equity	13,487	1,888
Non-controlling interest in subsidiaries	350	278
Total Equity	13,837	2,166
Total Liabilities and Equity	$ 33,921	$ 8,663

[1] *Certain prior year amounts were adjusted to retroactively reflect the legal capital of DXC.*

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
(in millions, except per-share amounts)	March 31, 2018	March 31, 2017	April 1, 2016
Revenues	$ 24,556	$ 7,607	$ 7,106
Costs of services (excludes depreciation and amortization and restructuring costs)	17,944	5,545	5,185
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	2,010	1,279	1,059
Depreciation and amortization	1,964	647	658
Restructuring costs	803	238	23
Interest expense	335	117	123
Interest income	(89)	(35)	(38)
Debt extinguishment costs	—	—	95
Other income, net	(82)	(10)	(9)
Total costs and expenses	22,885	7,781	7,096
Income (loss) from continuing operations, before taxes	1,671	(174)	10
Income tax benefit	(111)	(74)	(62)
Income (loss) from continuing operations	1,782	(100)	72
Income from discontinued operations, net of taxes	—	—	191
Net income (loss)	1,782	(100)	263
Less: net income attributable to non-controlling interest, net of tax	31	23	12
Net income (loss) attributable to DXC common stockholders	$ 1,751	$ (123)	$ 251
Income (loss) per common share			
Basic:			
Continuing operations	$ 6.15	$ (0.88)	$ 0.51
Discontinued operations	—	—	1.31
	$ 6.15	$ (0.88)	$ 1.82
Diluted:			
Continuing operations	$ 6.04	$ (0.88)	$ 0.50
Discontinued operations	—	—	1.28
	$ 6.04	$ (0.88)	$ 1.78
Cash dividend per common share	$ 0.72	$ 0.56	$ 2.99

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Net income (loss)	$ 1,782	$ (100)	$ 263
Other comprehensive loss, net of taxes:			
Foreign currency translation adjustments, net of tax expense of $75, $5 and $4	197	(75)	(83)
Cash flow hedges adjustment, net of tax (benefit) expense of $(3), $12 and $0	(11)	21	1
Available-for-sale securities, net of tax expense of $2, $0 and $0	9	—	—
Pension and other post-retirement benefit plans, net of tax:			
Prior service credit, net of tax expense of $8, $0 and $1	38	—	2
Amortization of transition obligation, net of tax expense of $0, $0, and $0	1	1	—
Amortization of prior service cost, net of tax benefit of $4, $5 and $10	(14)	(12)	(20)
Foreign currency exchange loss, net of tax benefit of $0, $1 and $0	—	(2)	(1)
Pension and other post-retirement benefit plans, net of tax	25	(13)	(19)
Other comprehensive income (loss), net of taxes	220	(67)	(101)
Comprehensive income (loss)	2,002	(167)	162
Less: comprehensive income attributable to non-controlling interest	31	7	12
Comprehensive income (loss) attributable to DXC common stockholders	$ 1,971	$ (174)	$ 150

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Cash flows from operating activities:			
Net income (loss)	$ 1,782	$ (100)	$ 263
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,014	658	767
Pension & other post-employment benefits, actuarial & settlement (gains) losses	(220)	87	92
Share-based compensation	93	75	45
Deferred tax benefit	(842)	(92)	(37)
Loss (gain) on dispositions	4	6	(41)
Provision for losses on accounts receivable	45	4	6
Unrealized foreign currency exchange losses	22	24	43
Impairment losses and contract write-offs	41	8	2
Debt extinguishment costs	—	—	95
Amortization of debt issuance costs and discount (premium)	(4)	17	—
Cash surrender value in excess of premiums paid	(11)	(7)	(10)
Other non-cash charges, net	4	—	—
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease in receivables	202	586	129
Decrease (increase) in deferred purchase price receivable	19	(252)	—
Increase in prepaid expenses and other current assets	(205)	(29)	(15)
(Decrease) increase in accounts payable and accruals	(96)	54	(357)
SEC settlement related charges	—	—	(190)
Increase (decrease) in income taxes payable and income tax liability	303	(32)	58
Increase (decrease) in advance contract payments and deferred revenue	130	(67)	(37)
Other operating activities, net	(38)	38	(11)
Net cash provided by operating activities	3,243	978	802
Cash flows from investing activities:			
Purchases of property and equipment	(224)	(246)	(356)
Payments for outsourcing contract costs	(328)	(101)	(101)
Short-term investing	—	—	(70)
Software purchased and developed	(211)	(140)	(184)
Cash acquired through HPES Merger	938	—	—
Payments for acquisitions, net of cash acquired	(203)	(434)	(554)
Business dispositions	—	3	37
Proceeds from sale of assets	58	57	61
Restricted cash	(67)	(1)	—
Other investing activities, net	4	(64)	(13)
Net cash used in investing activities	(33)	(926)	(1,180)
Cash flows from financing activities:			
Borrowings of commercial paper	2,413	2,191	821
Repayments of commercial paper	(2,297)	(2,086)	(263)
Borrowings under lines of credit	—	920	2,206
Repayment of borrowings under lines of credit	(737)	(789)	(1,825)
Borrowings on long-term debt, net of discount	621	159	928
Principal payments on long-term debt	(1,547)	(168)	(1,800)

Payments on capital leases and borrowings for asset financing	(1,060)	(145)	(69)
Proceeds from bond issuance	989	—	—
Proceeds from structured sale of facility	—	85	—
Proceeds from stock options and other common stock transactions	138	54	82
Taxes paid related to net share settlements of share-based compensation awards	(76)	(13)	(48)
Debt extinguishment costs	—	—	(95)
Repurchase of common stock and advance payment for accelerated share repurchase	(132)	—	(73)
Dividend payments	(174)	(78)	(430)
Borrowings for CSRA spin transaction	—	—	1,508
Transfers of cash to CSRA upon Separation	—	—	(1,440)
Other financing activities, net	(28)	(37)	13
Net cash (used in) provided by financing activities	(1,890)	93	(485)
Effect of exchange rate changes on cash and cash equivalents	65	(60)	(57)
Net increase (decrease) in cash and cash equivalents	1,385	85	(920)
Cash and cash equivalents at beginning of year	1,263	1,178	2,098
Cash and cash equivalents at end of year	$ 2,648	$ 1,263	$ 1,178

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Stock		Additional		Accumulated Other		Total	Non-	
(in millions, except shares in thousands)	Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	DXC Equity	Controlling Interest	Total Equity
Reported balance at April 3, 2015	148,374	$ 148	$ 2,286	$ 928	$ 21	$ (446)	$ 2,937	$ 28	$ 2,965
Recapitalization adjustment[1]	—	(147)	147	—	—	—	—	—	—
Recast balance at April 3, 2015	148,374	$ 1	$ 2,433	$ 928	$ 21	$ (446)	$ 2,937	$ 28	$ 2,965
Net (loss) income				251			251	12	263
Other comprehensive loss					(101)		(101)		(101)
Share-based compensation expense			45				45		45
Acquisition of treasury stock						(39)	(39)		(39)
Share repurchase program [1]	(3,750)		32	(106)			(74)		(74)
Stock option exercises and other common stock transactions [1]	4,123		77				77		77
Dividends declared				(104)			(104)		(104)
Special dividend				(317)			(317)		(317)
Capital contributions							—	6	6
Noncontrolling interest distributions and other							—	(9)	(9)
Divestiture of NPS				(619)	(31)		(650)	(30)	(680)
Balance at April 1, 2016	148,747	$ 1	$ 2,587	$ 33	$ (111)	$ (485)	$ 2,025	$ 7	$ 2,032

[1] Certain prior year amounts were adjusted to retroactively reflect the legal capital of DXC.

	Common Stock		Additional	Retained Earnings	Accumulated Other		Total	Non-	
(in millions, except shares in thousands)	Shares	Amount	Paid-in Capital	(Accumulated Deficit)	Comprehensive Loss	Treasury Stock	DXC Equity	Controlling Interest	Total Equity
Reported balance at April 1, 2016	148,747	$ 149	$ 2,439	$ 33	$ (111)	$ (485)	$ 2,025	$ 7	$ 2,032
Recapitalization adjustment[1]	—	(148)	148						
Recast balance at April 1, 2016	148,747	$ 1	$ 2,587	$ 33	$ (111)	$ (485)	$ 2,025	$ 7	$ 2,032
Net (loss) income				(123)			(123)	23	(100)
Other comprehensive loss					(51)		(51)	(16)	(67)
Share-based compensation expense			73				73		73
Acquisition of treasury stock						(12)	(12)		(12)
Stock option exercises and other common stock transactions [1]	3,185		56				56		56
Dividends declared				(80)			(80)		(80)
Noncontrolling interest distributions and other							—	(17)	(17)
Noncontrolling interest from acquisition [2]							—	281	281
Balance at March 31, 2017	151,932	$ 1	$ 2,716	$ (170)	$ (162)	$ (497)	$ 1,888	$ 278	$ 2,166
Recapitalization adjustment[1]	(10,633)	—	(497)	—	—	497	—	—	—
Recast balance at March 31, 2017	141,299	$ 1	$ 2,219	$ (170)	$ (162)	$ —	$ 1,888	$ 278	$ 2,166

[1] Certain prior year amounts were adjusted to retroactively reflect the legal capital of DXC.

[2] See Note 2 - "Acquisitions"

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock [3]	Total DXC Equity	Non-Controlling Interest	Total Equity
(in millions, except shares in thousands)	Shares	Amount							
Reported balance at Mach 31, 2017	151,932	$ 152	$ 2,565	$ (170)	$ (162)	$ (497)	$ 1,888	$ 278	$ 2,166
Recapitalization adjustment [1]	(10,633)	(151)	(346)	—	—	497	—	—	—
Recast balance at March 31, 2017	141,299	$ 1	$ 2,219	$ (170)	$ (162)	$ —	$ 1,888	$ 278	$ 2,166
Business acquired in purchase, net of issuance costs [2]	141,741	2	9,848				9,850	50	9,900
Net income				1,751			1,751	31	1,782
Other comprehensive Income					220		220	—	220
Share-based compensation expense			92				92		92
Acquisition of treasury stock						(85)	(85)		(85)
Share repurchase program	(1,538)		(66)	(71)			(137)		(137)
Stock option exercises and other common stock transactions	4,891		117				117		117
Dividends declared				(209)			(209)		(209)
Noncontrolling interest distributions and other							—	(9)	(9)
Balance at March 31, 2018	286,393	$ 3	$ 12,210	$ 1,301	$ 58	$ (85)	$ 13,487	$ 350	$ 13,837

(1) Certain prior year amounts were adjusted to retroactively reflect the legal capital of DXC.

(2) See Note 2 - "Acquisitions"

(3) 1,016,947 treasury shares as of March 31, 2018

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

Note 1 - Summary of Significant Accounting Policies

Business

DXC Technology Company ("DXC" or the "Company") is the world's leading independent, end-to-end IT services company, serving nearly 6,000 private and public-sector clients from a diverse array of industries across 70 countries. The company's technology independence, global talent and extensive partner network deliver transformative digital offerings and solutions that help clients harness the power of innovation to thrive on change.

Merger with HPES

On April 1, 2017, Computer Sciences Corporation ("CSC") completed its previously announced combination with the Enterprise Services business of Hewlett Packard Enterprise Company ("HPES"), which resulted in CSC becoming a wholly owned subsidiary of DXC (the "HPES Merger"). DXC common stock began regular-way trading under the symbol "DXC" on the New York Stock Exchange on April 3, 2017. See Note 2 - "Acquisitions" for further information.

USPS Separation and Mergers

On October 11, 2017, DXC announced that it had entered into an Agreement and Plan of Merger with Perspecta Inc., Ultra First VMS Inc., Ultra Second VMS LLC, Ultra KMS Inc., Vencore Holding Corp. (“Vencore”), KGS Holding Corp (“KeyPoint”), The SI Organization Holdings LLC and KGS Holding LLC (the “Perspecta Merger Agreement”). The Perspecta Merger Agreement provides that the DXC will spin off its U.S. public sector business and combine it with Vencore and KeyPoint to form a separate, independent publicly traded company to serve U.S. public sector clients; Perspecta Inc (the "USPS Separation and Mergers").

Basis of Presentation

In order to make this report easier to read, DXC refers throughout to (i) the Consolidated Financial Statements as the “Financial Statements,” (ii) the Consolidated Statements of Operations as the “Statements of Operations,” (iii) the Consolidated Statement of Comprehensive Income (loss) as the "Statements of Comprehensive Income," (iv) the Consolidated Balance Sheets as the “Balance Sheets,” and (v) the 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 Consolidated Financial Statements, unless otherwise noted.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission for annual reports and accounting principles generally accepted in the United States ("GAAP"). The 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.

In connection with the HPES Merger, CSC was deemed the accounting acquirer of HPES for accounting purposes under GAAP, therefore, CSC is considered DXC's predecessor and the historical financial statements of CSC prior to April 1, 2017, are reflected in this Annual Report on Form 10-K as DXC's historical financial statements. Accordingly, the financial results of DXC as of and for any periods ending prior to April 1, 2017 do not include the financial results of HPES, and therefore, are not directly comparable. Additionally, CSC used to report its results based on a fiscal year convention that comprises four thirteen-week quarters. However, effective April 1, 2017, DXC's fiscal year was modified to end on March 31 of each year with each quarter ending on the last calendar day.

As a result of the HPES Merger, DXC now has a separate operating segment, USPS, and changed its primary segment performance measure to segment profit from the previously reported consolidated segment operating income. See Note 18 - "Segment and Geographic Information" for more information. In addition, DXC effected a recapitalization of its common stock and preferred stock (the “Recapitalization”). The Recapitalization, which converted DXC's historical share price from par value $1.00 per share to par value $0.01 per share, resulted in no change to DXC's total stockholders’ equity or earnings per share.

During fiscal 2016, CSC completed the separation of its U.S. public sector business ("NPS") and combination of NPS with SRA International, Inc. to form a new independent publicly traded Company; CSRA Inc. (the "NPS Separation"). As a result of the NPS Separation, the statement of operations and related financial information reflect NPS's operations as discontinued operations for fiscal 2016. However, the cash flows and comprehensive income of NPS have not been segregated and are included in the statement of cash flows and statement of comprehensive income for fiscal 2016.

Certain prior year amounts have been reclassified to conform to the current year presentation, specifically, within the balance sheets, "prepaid expenses" and "other current assets" previously aggregated within "prepaid expenses and other current assets" have been separately disclosed and, within the statements of operations, "separation costs" have been aggregated within "selling, general and administrative."

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires the Company's management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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. Estimates are used for, but not limited to, contracts accounted for using the percentage-of-completion method, cash flows used in the evaluation of impairment of goodwill and other long-lived assets, reserves for uncertain tax benefits, valuation allowances on deferred tax assets, loss accruals for litigation and obligations related to our pension plans. In the opinion of the Company's management, the accompanying financial statements contain all adjustments necessary, including those of a normal recurring nature, to fairly present the financial statements.

Revenue Recognition

The Company's primary service offerings are information technology outsourcing, other professional services, or a combination thereof. Revenue is recognized when persuasive evidence of an arrangement exists, services or products have been provided to the client, the sales price is fixed or determinable, and collectability is reasonably assured. For non-software arrangements that include multiple-elements, revenue recognition involves the identification of separate units of accounting after consideration of combining and/or segmenting contracts and allocation of the arrangement consideration to the units of accounting on the basis of their relative selling price.

Revenue under such contracts is recognized based upon the level of services delivered in the periods in which they are provided. These contracts often include upfront fees billed for activities to familiarize DXC with the client's operations, take control over their administration and operation, and adapt them to DXC's solutions. These activities typically do not qualify as separate units of accounting, and the related revenues are deferred until service commencement and recognized ratably over the period of performance during the period in which DXC provides the related service, which is typically the life of the contract. Costs are expensed as incurred, except for direct and incremental set-up costs which are capitalized and amortized on a straight-line basis over the life of the contract, which are described in more detail under the heading of intangible assets below. Software transactions that include multiple elements are described below within Multiple-element software sales.

The Company generally provides its services under time and materials contracts, unit price contracts, fixed-price contracts, and multiple-element software sales for which revenue is recognized in the following manner:

Time and materials contracts - Revenue is recorded at agreed-upon billing rates at the time services are provided.

Unit-price contracts. Revenue is recognized based on unit metrics multiplied by the agreed upon contract unit price or when services are delivered.

Fixed-price contracts. For certain fixed-price contracts, revenue is recognized under the percentage-of-completion method as described below; these include certain software development projects and all long-term construction-type contracts. For other fixed-price contracts, revenue is recognized based on the proportion of the services delivered to date as a percentage of the total services to deliver over the contract term. If output or input measures are not available or cannot be reasonably estimated, revenue is recognized ratably over the contract term. Under the percentage-of-completion method, progress towards completion is measured based on either achievement of specified contract milestones, costs incurred as a proportion of estimated total costs, or other measures of progress when appropriate. Profit in a given period is reported at the estimated profit margin to be achieved on the overall contract. This method can result in the recognition of unbilled receivables, the deferral of costs as work in process, or deferral of profit on these contracts. Contracts that require estimates at completion using the percentage-of-completion method accounted for approximately 3% of the Company's revenues for fiscal 2018. Management regularly reviews project profitability and underlying estimates. Revisions to the estimates at completion are reflected in results of operations as a change in accounting estimate in the period in which the facts that give rise to the revision become known by management. Provisions for estimated losses at completion, if any, are recognized in the period in which the loss becomes evident. The provision includes estimated costs in excess of estimated revenue and any profit margin previously recognized.

Multiple-element software sales. For multiple-element arrangements that involve the sale of DXC proprietary software, post contract customer support, and other software-related services, vendor-specific objective evidence ("VSOE") of fair value is required to allocate and recognize revenue for each element. VSOE of fair value is determined based on the price charged where each deliverable is sold separately. In situations where VSOE of fair value exists for all undelivered elements but not a delivered element (typically the software license element), the residual method is used. This method allocates revenue to the undelivered elements equal to their VSOE value with the remainder allocated to the delivered element. If significant customization is required, and VSOE is available to support accounting for the software as a separate unit of account, software revenue is recognized as the related software customization services are performed in accordance with the percentage-of-completion method described above. In situations where VSOE of fair value does not exist for all of the undelivered software-related elements, revenue is deferred until only one undelivered element remains and then recognized following the pattern of delivery of the final undelivered element.

Pension and Other Benefit Plans

The Company accounts for its pension, other post-retirement benefit ("OPEB"), defined contribution and deferred compensation plans using the guidance of ASC 710 "Compensation - General" and ASC 715 "Compensation - Retirement Benefits". The Company recognizes actuarial gains and losses and changes in fair value of plan assets in earnings at the time of plan remeasurement as a component of net periodic benefit expense. Typically plan remeasurement occurs annually during the fourth quarter of each fiscal year. The remaining components of pension and OPEB expense, primarily current period service and interest costs and expected return on plan assets, are recorded on a quarterly basis.

Inherent in the application of the actuarial methods are key assumptions, including, but not limited to, discount rates, expected long-term rates of return on plan assets, mortality rates, rates of compensation increases, and medical cost trend rates. Company management evaluates these assumptions annually and updates assumptions as necessary. The fair value of assets is determined based on the prevailing market prices or estimated fair value of investments when quoted prices are not available.

Software Development Costs

After establishing technological feasibility, and until such time as the software products are available for general release to customers, the Company capitalizes costs incurred to develop commercial software products to be sold, leased or otherwise marketed. Costs incurred to establish technological feasibility are charged to expense as incurred. Enhancements to software products are capitalized where such enhancements extend the life or significantly expand the marketability of the products. Amortization of capitalized software development costs is determined separately for each software product. Annual amortization expense is calculated based on the greater of the ratio of current gross revenues for each product to the total of current and anticipated future gross revenues for the product or the straight-line amortization method over the estimated useful life of the product.

Unamortized capitalized software costs associated with commercial software products are periodically evaluated for impairment on a product-by-product basis by comparing the unamortized balance to the product’s net realizable value. The net realizable value is the estimated future gross revenues from that product reduced by the related estimated future costs. When the unamortized balance exceeds the net realizable value, the unamortized balance is written down to the net realizable value and an impairment charge is recorded.

The Company capitalizes costs incurred to develop internal-use computer software during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Internal and external costs incurred in connection with development of upgrades or enhancements that result in additional functionality are also capitalized. Capitalized costs associated with internal-use software are amortized on a straight-line basis over the estimated useful life of the software. Purchased software is capitalized and amortized over the estimated useful life of the software. Internal-use software assets are evaluated for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Share-Based Compensation

Share-based awards are accounted for under the fair value method. The Company provides different forms of share-based compensation to its employees and non-employee directors. This includes stock options and restricted stock units ("RSUs"), including performance-based restricted stock units ("PSUs"). The fair value of the awards is determined on the grant date, based on the Company's closing stock price. For awards settled in shares, the Company recognizes compensation expense based on the grant-date fair value net of estimated forfeitures over the vesting period. For awards settled in cash, the Company recognizes compensation expense based on the fair value at each reporting date net of estimated forfeitures.

The Company uses the Black-Scholes-Merton model to compute the estimated fair value of options granted. This model includes assumptions regarding expected term, risk-free interest rates, expected volatility and dividend yields which are periodically evaluated. The expected term is calculated based on the Company’s historical experience with respect to its stock plan activity and an estimate of when vested and unexercised option shares will be exercised. The expected term of options is based on job tier classifications, which have different historical exercise behavior. The risk-free interest rate is based on the zero-coupon interest rate of U.S. government issued treasury STRIPS with a period commensurate with the expected term of the options.

Expected volatility is based on a blended approach, which uses a two-thirds weighting for historical volatility and one-third weighting for implied volatility. The Company’s historical volatility calculation is based on employee class and historical closing prices of the Company's peer group, in order to better align this factor with the expected terms of the stock options. DXC’s implied stock price volatility is derived from the price of exchange traded options on DXC’s stock with the longest remaining contractual term. Implied volatility is a prospective, forward looking measure representing market participants’ expectations of DXC's future stock price volatility. The dividend yield assumption is based on the respective fiscal year dividend payouts. Forfeitures are estimated based on historical experience.

Business Combinations

Companies acquired during each reporting period are reflected in the results of the Company effective from their respective dates of acquisition through the end of the reporting period. The Company allocates the fair value of purchase consideration to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed in the acquired entity is recorded as goodwill. If the Company obtains new information about facts and circumstances that existed as of the acquisition date during the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's statements of operations. For contingent consideration recorded as a liability, the Company initially measures the amount at fair value as of the acquisition date and adjusts the liability, if needed, to fair value each reporting period. Changes in the fair value of contingent consideration, other than measurement period adjustments, are recognized as income or expense. Acquisition-related expenses and post-acquisition integration costs are recognized separately from the business combination and are expensed as incurred.

Goodwill Impairment Analysis

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. 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 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 follows GAAP-prescribed rules when determining if goodwill has been impaired. Initially, an assessment of qualitative factors is conducted 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 analysis, which is commonly referred to as step zero under ASC Topic 350 "Goodwill and Other Intangible Assets", 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 the subsequent two-step goodwill impairment testing process 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 the subsequent two-step process.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. Step one of the process 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, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. In the second step, the reporting unit’s fair value is determined and allocated to the assets and liabilities of the reporting unit, including any unrecognized intangible assets, in order to calculate the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

When the Company performs step one of the two-step 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.

If DXC performs a step one analysis 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 (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 reasonable in light of the comparable business combinations, the Company reevaluates its fair value estimates of the reporting units by adjusting the discount rates and/or other assumptions. 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 reevaluation can result in reductions to the estimated fair values for the reporting units.

Fair Value

The Company applies fair value accounting for its financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The objective of a fair value measurement is to estimate the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Such transactions to sell an asset or transfer a liability are assumed to occur in the principal market for that asset or liability, or in the absence of the principal market, the most advantageous market.

Assets and liabilities subject to fair value measurement disclosures are required to be classified according to a three-level fair value hierarchy with respect to the inputs used to determine fair value. The level in which an asset or liability is disclosed within the fair value hierarchy is based on the lowest level input that is significant to the related fair value measurement in its entirety. The levels of input are defined as follows:

Level 1: Quoted prices unadjusted for identical assets or liabilities in an active market.

Level 2: Quoted prices for similar assets or liabilities in an active market, quoted prices for identical similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that reflect the entity's own assumptions which market participants would use in pricing the asset or liability.

Receivables

The Company records receivables at their face amounts less an allowance for doubtful accounts. Receivables consist of amounts billed and currently due from customers, amounts earned but unbilled (including contracts measured under the percentage-of-completion method of accounting), amounts retained by the customer until the completion of a specified contract, negotiation of contract modification and claims. Unbilled recoverable amounts under contracts in progress generally become billable upon achievement of project milestones or upon acceptance by the customer.

Allowances for uncollectible billed trade receivables are estimated based on a combination of write-off history, aging analysis and any known collectability issues. Unbilled amounts under contracts in progress that are recoverable do not have an allowance for credit losses. Adjustments to unbilled amounts under contracts in progress related to credit quality, should they occur, would be recorded as a reduction of revenues.

DXC uses receivables securitization facilities or receivables sales facilities in the normal course of business as part of managing its cash flows. The Company accounts for receivables sold under these facilities as a sale of financial assets pursuant to ASC 860 “Transfers and Servicing” and derecognizes these receivables, as well as the related allowances, from its balance sheets. Generally, the fair value of the sold receivables approximates the book value due to the short-term nature and, as a result, no gain or loss on sale of receivables is recorded. Under the receivables securitization facility, the deferred purchase price receivable is recorded at fair value, which is determined by calculating the expected amount of cash to be received based on unobservable inputs consisting of the face amount of the receivables adjusted for anticipated credit losses.

The Company reflects cash flows related to receivables facilities as operating activities in its statements of cash flows because the cash received upon both the sale and collection of the receivables is not subject to significant interest rate risk given the short-term nature of the Company’s trade receivables.

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 5 years
Furniture and other equipment	3 to 15 years
Leasehold improvements	Shorter of lease term or useful life up to 20 years

Intangible Assets

The Company's estimated useful lives for finite-lived intangibles are shown in the table below:

Software	2 to 10 years
Outsourcing contract costs	Contract life, excluding option years
Customer related intangibles	Expected customer service life
Acquired contract related intangibles	Contract life and first contract renewal, where applicable

Software is amortized using predominately the straight-line method. Costs of outsourcing contracts, including costs incurred for bid and proposal activities, are generally expensed as incurred. However, certain costs incurred upon initiation of an outsourcing contract are deferred and expensed on a straight-line basis over the contract life. These costs represent incremental external costs or certain specific internal costs that are directly related to the contract acquisition or transition activities and can be separated into two principal categories: contract premiums and transition/set-up costs. Contract premiums represent amounts paid to customers in excess of the fair value of assets acquired and are amortized as a reduction to revenues. Transition/set-up costs are primarily associated with assuming control over a customer's IT operations and transforming them pursuant to contract specifications. Acquired contract related and customer related intangible assets are amortized in proportion to the estimated undiscounted cash flows projected over the estimated life of the asset or on a straight-line basis if such cash flows cannot be reliably estimated.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

Long-lived assets such as property and equipment and finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount of such assets to the estimated future net cash flows. If estimated future net cash flows are less than the carrying amount of such assets, an expense is recorded in the amount required to reduce the carrying amount of such assets to fair value. Fair value is determined based on a discounted cash flow approach or, when available and appropriate, comparable market values. Long-lived assets to be disposed of are reported at the lower of their carrying amount or their fair value less costs to sell.

Income Taxes

The Company uses the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases, using statutory tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the results of operations in the period that includes the related enactment date.

A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in the Company’s tax provision during the period in which the change occurred. In determining whether a valuation allowance is warranted, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. The Company recognizes uncertain tax positions when it is more likely than not that the tax position will be sustained upon examination. Uncertain tax positions are measured based on the probabilities that the uncertain tax position will be realized upon final settlement.

All tax-related cash flows resulting from excess tax benefits related to the settlement of share-based awards are classified as cash flows from operating activities and cash paid by directly withholding shares for tax withholding purposes is classified as a financing activity in the statements of cash flows.

Cash and Cash Equivalents

The Company considers investments with an original maturity of three months or less to be cash equivalents. The Company’s cash equivalents consist of time deposits, money market funds and money market deposit accounts with a number of institutions that have high credit ratings.

Foreign Currency

The local currency of the Company's foreign affiliates is generally their functional currency. Accordingly, the assets and liabilities of the foreign affiliates are translated from their respective functional currency to U.S. dollars using fiscal year-end exchange rates, income and expense accounts are translated at the average rates in effect during the fiscal year and equity accounts are translated at historical rates. The resulting translation adjustment is reported in the statements of comprehensive income and recorded as part of accumulated other comprehensive income ("AOCI").

Derivative Instruments

The Company designates certain derivative instruments as hedges for purposes of hedge accounting, as defined under ASC 815 “Derivatives and Hedging.” For such derivative instruments, the Company documents its risk management objectives and strategy for undertaking hedging transactions, as well as all relationships between hedging and hedged risks. The Company's derivative instruments designated for hedge accounting consist mainly of interest rate swaps and foreign currency forward and option contracts. Changes in the fair value measurements of these derivative instruments are reflected as adjustments to other comprehensive income and subsequently reclassified into earnings in the period during which the hedged transactions occurred. Any ineffectiveness or excluded portion of a designated hedge is recognized in earnings.

The derivative instruments not designated as hedges for purposes of hedge accounting include total return swaps and certain short-term foreign currency forward contracts. These instruments are recorded at their respective fair values and the change in their value is reported in current period earnings. The Company does not use derivative instruments for trading or speculative purpose. The Company reports the effective portion of its cash flow hedges in the same financial statement line item as changes in the fair value of the hedged item. All cash flows associated with the Company's derivative instruments are classified as operating activities in the statements of cash flows.

Recently Adopted Accounting Pronouncements

During fiscal 2018, 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
October 2016 ASU 2016-17 Consolidation (Topic 810): Interests held through Related Parties that are under Common Control	April 1, 2017 Retrospectively	This update alters how a decision maker considers indirect interests in a variable interest entity ("VIE") held through an entity under common control and simplifies that analysis to require consideration of only an entity's proportionate indirect interest in a VIE held through a common control party.	The adoption of this update did not have a material impact on our financial statements.

New Accounting Pronouncements:

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

Date Issued and ASU	DXC Effective Date	Description	Impact
May 2014 ASU 2014-09 “Revenue from Contracts with Customers (Topic 606)"	Fiscal 2019	The core principle of this update, and the subsequent amendments, is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which DXC expects to be entitled in exchange for those goods or services. The guidance also addresses the timing of recognition of certain costs incurred to obtain or fulfill a customer contract. Further, it requires the disclosure of sufficient information to enable readers of DXC's financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, and information regarding significant judgments and changes in judgments made. This update provides two methods of adoption: full retrospective and modified retrospective. Under the full retrospective method, the standard would be applied to all periods presented with previously disclosed periods restated under the new guidance. Under the modified retrospective method, prior periods would not be restated but rather a cumulative catch-up adjustment would be recorded on the adoption date.	The Company will adopt this standard using the modified retrospective method and expects the primary accounting impacts to include the following: • The Company's IT and business process outsourcing arrangements comprise a series of distinct services, for which revenue is expected to be recognized as the services are provided in a manner that is generally consistent with current practices. • The Company has certain arrangements involving the sale of proprietary software and related services for which vendor-specific objective evidence of fair value may not exist, resulting in the deferral of revenues. Under the new standard, estimates of standalone selling price will be necessary for all software performance obligations, which may result in the acceleration of revenues. However, at April 1, 2018, the net impact to retained earnings is not expected to be material. In future periods, the impact of the new standard will depend on the timing, nature and materiality of software arrangements executed. • The Company currently does not capitalize commission costs. The new standard will require capitalization of certain commissions, which will be amortized over the period that services or goods are transferred to the customer. The Company expects to record an adjustment to retained earnings of approximately $100 million to $125 million, net of the effect of tax, related to the capitalization of commission costs. In addition, the Company is completing its implementation efforts to accumulate and report additional disclosures required by the standard that will be reported in the first quarter of Fiscal 2019.

February 2016 ASU 2016-02 "Leases (Topic 842)"	Fiscal 2020	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 and provides for certain practical expedients.	DXC is currently evaluating the effect the adoption will have on its existing accounting policies and the financial statements in future reporting periods, but expects there will be an increase in assets and liabilities on its balance sheets at adoption due to the recording of right-of-use assets and corresponding lease liabilities, which may be significant.
March 2017 ASU 2017-07 “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"	Fiscal 2019	This update is intended to improve the presentation of net periodic pension cost and net periodic post-retirement benefit cost in an entity's financial statements by requiring the service cost component be disaggregated from other components of net benefit costs and presented in the same line item or items as other compensation costs for the employees. Additionally, only the service cost component of net benefit cost is eligible for capitalization when applicable. This update must be applied retrospectively.	DXC expects to reclassify in aggregate $(509) million and $(7) million of non-service cost components of net periodic pension (income) expense from "costs of services" and "selling, general and administrative" to "other income, net" in the statements of operations for the twelve months ended March 31, 2018, and March 31, 2017, respectively. The service cost component of net periodic pension (income) expense expected to remain in "costs of services" and "selling, general and administrative" is $121 million and $23 million for the twelve months ended March 31, 2018 and March 31, 2017, respectively.
August 2016 ASU 2016-15 “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments"	Fiscal 2019	This update addressed eight cash flow classification issues that have created diversity in practice, providing definitive guidance on classification of certain cash receipts and payments. This update must be adopted retrospectively for all periods presented but may be applied prospectively if retrospective application would be impracticable	DXC expects to reclassify cash flows related to its beneficial interests in securitization transactions, which is the deferred purchase price recorded in connection with the Company's Receivables Securitization Facility, from operating activities to investing activities for prior periods in its statements of cash flows. See Note 5 - "Receivables" for more information about the Receivables Securitization Facility.
May 2017 ASU 2017-09, “Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting”	Fiscal 2019	This update provides clarity as to what changes to the terms or conditions of share-based payment awards require an entity to apply modification accounting in Topic 718. This ASU is applied prospectively to changes in terms or conditions of awards occurring on or after the adoption date.	DXC will consider the impact that this update may have on future stock-based payment award modifications should they occur.
August 2017 ASU 2017-12, “Derivatives and Hedging (Topic 815)”	Fiscal 2020	This update was issued to improve the financial reporting of hedge relationships to better portray the economic results of an entity’s risk management activities in its financial statements and to make certain improvements to simplify the application of hedge accounting. This update must be adopted by applying the standard to existing hedge instruments at the adoption date and early adoption is permitted.	DXC is currently evaluating the effect the adoption of this update will have on its financial statements.
June 2016 ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”	Fiscal 2021	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	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.

Other recently issued ASUs effective after March 31, 2018 are not expected to have a material effect on DXC's financial statements.

Note 2 - Acquisitions

Fiscal 2018 Acquisitions

HPES Merger

On April 1, 2017, CSC, Hewlett Packard Enterprise Company (“HPE”), Everett SpinCo, Inc. (“Everett”), and New Everett Merger Sub Inc., a wholly-owned subsidiary of Everett (“Merger Sub”), completed the strategic combination of CSC with the Enterprise Services business of HPE to form DXC. The combination was accomplished through a series of transactions that included the transfer by HPE of its Enterprise Services business, HPES, to Everett, and spin-off by HPE of Everett on March 31, 2017, and the merger of Merger Sub with and into CSC on April 1, 2017. At the time of the HPES Merger, Everett was renamed DXC, and as a result of the HPES Merger, CSC became a direct wholly owned subsidiary of DXC. DXC common stock began regular-way trading on the New York Stock Exchange on April 3, 2017. The strategic combination of the two complementary businesses was to create a versatile global technology services business, well positioned to innovate, compete and serve clients in a rapidly changing marketplace.

The transaction involving HPES and CSC is a reverse merger acquisition, in which DXC is considered the legal acquirer of the business and CSC is considered the accounting acquirer. While purchase consideration transferred in a business combination is typically measured by reference to the fair value of equity issued or other assets transferred by the accounting acquirer, CSC did not issue any consideration in the HPES Merger. CSC stockholders received one share of DXC common stock for every one share of CSC common stock held immediately prior to the HPES Merger. DXC issued a total of 141,298,797 shares of DXC common stock to CSC stockholders, representing approximately 49.9% of the outstanding shares of DXC common stock immediately following the HPES Merger.

The reverse merger is deemed a capital transaction and the net assets of CSC (the accounting acquirer) are carried forward to DXC (the legal acquirer and the reporting entity) at their carrying value before the combination. The acquisition process utilizes the capital structure of the Company and the assets and liabilities of CSC, which are recorded at historical cost. The equity of the Company is the historical equity of CSC, retroactively restated to reflect the number of shares issued by DXC in the transaction.

In connection with the HPES Merger, the Company entered into a number of agreements with HPE including the following:

- *Information Technology Services Agreement.* The Company and HPE have entered into an Agreement pursuant to which the Company will provide information technology services to HPE. This agreement terminates on the fifth anniversary of its effective date, unless earlier terminated by the parties in accordance with its terms.

- *Preferred Vendor Agreements.* The Company and HPE have entered into Preferred Vendor Agreements, pursuant to which HPE and Micro Focus International, the acquirer of HPE's software business, will: (1) make available to DXC for purchase hardware products sold by HPE and technology services provided by HPE and (2) make available to DXC for purchase and license software products sold or licensed by HPE and Micro Focus, and technology (including SaaS), support, professional and other services provided by HPE and Micro Focus.

- Certain other additional agreements were entered into, including a Separation and Distribution Agreement, as amended (the "Separation Agreement"), an employee matters agreement, a tax matters agreement, a transition services agreement, an intellectual property matters agreement, and certain real estate related agreements.

Subsequent to the HPES Merger, HPE settled certain obligations as required under the Separation Agreement. In accordance with the provisions of the agreement, a calculation was performed to make certain adjustments required to complete the separation and standup of legacy HPES and achieve accurate cut off for intercompany transactions with its former parent. The aggregate adjustment to settle the obligations was $203 million.

In May 2016, CSC, HPE and DXC (f/k/a Everett Spinco, Inc.) entered into an agreement and plan of merger, as amended (the “Merger Agreement”), and HPE and DXC entered into a Separation Agreement, in each case relating to the combination of HPES and CSC. At the time the Merger Agreement and the Separation Agreement were executed, HPES was a party to several thousand leases with Hewlett-Packard Financial Services that were classified as capital leases. Under the terms of the Separation Agreement the balance of long-term capital leases for which HPES would be liable at the time of the spin-off was not to exceed $250 million. The Separation Agreement provided HPE an opportunity to modify the terms of the long-term leases to reduce the balance classified as capital leases. Between late May 2016 and the end of March 2017, Hewlett-Packard Financial Services entered into lease amendments that purported to modify most of the leases between HPES and Hewlett-Packard Financial Services in a manner that would cause those leases to be classified as operating leases.

After the closing of the HPES Merger, the Company began assessing the terms of the leases (including the amendments described above). During the second quarter of fiscal 2018, the Company concluded that the long-term capital leases that were amended by Hewlett-Packard Financial Services did not satisfy the requirements for classification as operating leases and as a result should be classified as capital leases as of the closing of the spin-off. Accordingly, as part of the process of determining fair value of these leases as of April 1, 2017, the Company recorded a lease liability of $1.0 billion, assets under capital leases of $654 million, and a $371 million increase to goodwill.

The Company is addressing this matter with HPE in a manner consistent with the terms of the Separation Agreement, with any disagreement being treated in a confidential manner under the Separation Agreement, including dispute resolution through executive escalation, mediation and binding arbitration.

Under the acquisition method of accounting, total consideration exchanged was:

(in millions)		Amount
Fair value of purchase consideration received by HPE stockholders[1]	$	9,782
Fair value of HPES options assumed by CSC[2]		68
Total consideration transferred	$	9,850

[1] Represents the fair value of consideration received by HPE stockholders to give them 50.1% ownership in the combined company. The fair value of the purchase consideration transferred was based on a total of 141,865,656 shares of DXC common stock distributed to HPE stockholders as of the close of business on the record date (141,741,712 after the effect of 123,944 cancelled shares) at CSC's closing price of $69.01 per share on March 31, 2017.

[2] Represents the fair value of certain stock-based awards of HPES employees that were unexercised on March 31, 2017, which were converted to DXC stock-based awards.

The purchase price allocation for the HPES Merger was finalized during the fourth quarter of fiscal 2018. The Company's allocation of the purchase price to the assets acquired and liabilities assumed as of the HPES Merger date is as follows:

(in millions)	Fair Value
Cash and cash equivalents	$ 938
Accounts receivable[1]	4,102
Other current assets	530
Total current assets	5,570
Property and equipment	2,581
Intangible assets	6,384
Other assets	1,571
Total assets acquired	16,106
Accounts payable, accrued payroll, accrued expenses, and other current liabilities	(4,605)
Deferred revenue	(1,315)
Long-term debt, net of current maturities	(4,806)
Long-term deferred tax liabilities and income tax payable	(1,550)
Other liabilities	(1,322)
Total liabilities assumed	(13,598)
Net identifiable assets acquired	2,508
Add: Fair value of non-controlling interests	(50)
Goodwill	7,392
Total consideration transferred	$ 9,850

[1] *Includes aggregate adjustments received from HPE, in accordance with the provisions of the Separation Agreement, of $203 million.*

As of the period ended March 31, 2018, the Company made a number of refinements to the April 1, 2017 purchase price allocation as reported June 30, 2017. These refinements were primarily driven by the Company recording valuation adjustments to certain estimates of fair values which resulted in a decrease in net assets of $638 million. Total assets increased by $1.1 billion, primarily driven by a $137 million increase of accounts receivable; $99 million increase in property and equipment primarily arising from the recognition of $424 million of fixed assets under capital lease, offset by a $318 million reduction in the fair value of assets related to data centers and land; and a $1.3 billion increase in the fair value assessment for customer relationships offset by a $440 million decrease related to developed technology fair value adjustments. Liabilities increased by $1.7 billion primarily driven by an increase in capital lease obligations of $1.0 billion, a $436 million adjustment to deferred revenue primarily related to a valuation adjustment for outsourcing and other customer contracts taking into account continuing performance obligations, an increase of $106 million of debt, and an increase in long-term tax related liabilities of $192 million.

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed at the HPES Merger date. The goodwill recognized with the HPES Merger was attributable to the synergies expected to be achieved by combining the businesses of CSC and HPES, expected future contracts and the acquired workforce. The cost-saving opportunities are expected to include improved operating efficiencies and asset optimization. The goodwill arising from the HPES Merger was allocated to the Company's reportable segments as $2.8 billion to the Global Business Services ("GBS") segment, $2.6 billion to the Global Infrastructure Services ("GIS") segment and $2.0 billion to the United States Public Sector ("USPS") segment. The goodwill is not deductible for tax purposes. See Note 10 - "Goodwill."

Current Assets and Liabilities

The Company valued current assets and liabilities, with the exception of the current portion of deferred revenue and capital leases, using existing carrying values as the fair value of those items as of the HPES Merger date.

Property and Equipment

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

(in millions)	Amount
Land, buildings, and leasehold improvements	$ 1,470
Computers and related equipment	960
Furniture and other equipment	47
Construction in progress	104
Total	$ 2,581

The Company valued acquired property and equipment using predominately the market method, and in certain specific cases, the cost method.

Identified Intangible Assets

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

(in millions)	Amount	Useful Lives (Years)
Customer relationships	$ 5,277	10-13
Developed technology	74	2-7
Third-party purchased software	642	2-7
Outsourcing contract costs	368	Contract life
Other intangible assets	23	4
Total	$ 6,384	

The Company valued customer relationships and developed technology using the multi-period excess earnings and relief from royalty methods, respectively. Outsourcing contract costs were recorded at fair value taking into account continuing performance obligation.

Restructuring Liabilities

The Company acquired $326 million of restructuring liabilities in connection with the HPES Merger, of which $256 million relates to workforce reductions and $70 million relates to facilities costs. These restructuring liabilities are expected to be paid out through 2029.

Long-Term Debt

Assumed indebtedness included senior notes in the principal amount of $1.5 billion issued in 2017 and $0.3 billion issued in 1999 for total principal amount of $1.8 billion; a term loan with three tranches all borrowed on March 31, 2017 in an aggregate principal equivalent of $2.0 billion; and capitalized lease liabilities and other debt. Subsequent to the initial purchase price allocation as reported June 30, 2017, there was a fair value assessment of the senior notes and term loans as of the HPES Merger date, which resulted in a purchase accounting adjustment that increased debt by $94 million, including $12 million to eliminate historical deferred debt issuance costs, premiums and discounts. Converted capital leases were recorded on the balance sheet at fair value as of April 1, 2017 resulting in a total capital lease obligation of $1.7 billion. Additionally, the Company completed its fair value assessment of certain other debt with a carrying value of $87 million as of the HPES Merger date, which resulted in a purchase accounting adjustment that increased debt by $12 million.

Deferred Tax Liabilities

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

Defined Benefit Pension Plans

Certain eligible employees, retirees and other former employees of HPES participated in defined benefit pension plans offered by HPE. The plans whose participants were exclusively HPES employees were acquired, while the plans whose participants included both HPES employees and HPE employees were replicated to allow separation of HPES and HPE employees. The resulting separate plans containing only HPES employees were acquired.

HPES pension obligations depend on various assumptions. The Company's actuaries remeasured all of the acquired HPES plan obligations as of March 31, 2017. The following table summarizes the balance sheet impact of the pension plans assumed from HPES as a result of the HPES Merger.

(in millions)	Amount
Other assets	$ 558
Accrued expenses and other current liabilities	(13)
Other long-term liabilities	(547)
Net amount recorded	$ (2)

The following table summarizes the projected benefit obligation, fair value of the plan assets and the funded status assumed from HPES as a result of the HPES Merger.

(in millions)	Amount
Projected benefit obligation	$ (7,413)
Fair value of plan assets	7,411
Funded status	$ (2)

The following table summarizes the plan asset allocations by asset category for HPES pension plans assumed by the Company as a result of the HPES Merger.

Equity securities	22%
Debt securities[1]	72%
Alternatives	5%
Cash and other	1%
Total	100%

[1] *Includes liability-driven investments*

Unaudited and Pro Forma Results of Operations

The Company's statements of operations includes the following revenues and net income attributable to HPES since the HPES Merger date:

(in millions)	Fiscal Year Ended March 31, 2018
Revenues	$ 17,423
Net income	$ 1,772

The following table provides unaudited pro forma results of operations for the Company for the fiscal year ended March 31, 2017, as if the HPES Merger had been consummated on April 2, 2016, the first day of DXC's fiscal year ended March 31, 2017. These unaudited pro forma results do not reflect any cost saving synergies from operating efficiencies. The Company presents these unaudited pro forma results for informational purposes only, and they are not necessarily indicative of what the actual results of operations of DXC would have been if the HPES Merger had occurred at the beginning of the period presented, nor are they indicative of future results of operations.

CSC reported its results based on a fiscal year convention that comprised four thirteen-week quarters. HPES reported its results on a fiscal year basis ended January 31. As a consequence of CSC and HPES having different fiscal year-end dates, all references to the unaudited pro forma statement of operations include the results of operations of CSC for the twelve months ended March 31, 2017 and of HPES for the twelve months ended January 31, 2017.

(in millions, except per-share amounts)	Twelve Months Ended March 31, 2017
Revenues	$ 25,394
Net loss	(23)
Net loss attributable to the Company	(51)
Loss per common share:	
Basic	$ (0.18)
Diluted	$ (0.18)

The unaudited pro forma information above is based on events that are (i) directly attributable to the HPES Merger, (ii) factually supportable, and (iii) are expected to have a continuing impact on the results of operations of DXC. Nonrecurring transaction costs associated with the HPES Merger of $26 million for the twelve months ended March 31, 2018 are not included in the unaudited pro forma information above.

Tribridge Acquisition

On July 1, 2017, DXC acquired all of the outstanding capital stock of Tribridge Holdings LLC, an independent integrator of Microsoft Dynamics 365, for total consideration of $152 million. The acquisition includes the Tribridge affiliate company, Concerto Cloud Services LLC. The combination of Tribridge with DXC expands DXC’s Microsoft Dynamics 365 global systems integration business.

The purchase price is allocated to assets acquired and liabilities assumed based upon determination of fair values at the date of acquisition as follows: $32 million to current assets, $4 million to property and equipment, $62 million to intangible assets other than goodwill, $24 million to current liabilities and $78 million to goodwill. The goodwill is primarily associated with the Company's GBS segment and is tax deductible. The amortizable lives associated with the intangible assets acquired includes customer relationships which have a 12-year estimated useful life.

Fiscal 2017 Acquisitions

Xchanging Acquisition

On May 5, 2016, CSC acquired Xchanging plc ("Xchanging"), a publicly owned company and a provider of technology-enabled business solutions to organizations in global insurance and financial services, healthcare, manufacturing, real estate and the public sector in a step acquisition. Total consideration paid to and on behalf of the Xchanging shareholders of $693 million (or $492 million net of cash acquired). Transaction costs associated with the acquisition of $17 million were included within Selling, general and administrative expenses. The acquisition expanded the Company's market coverage in the global insurance industry and enabled the Company to offer access to a broader, partner-enriched portfolio of services including property and casualty insurance and wealth management business processing services.

The purchase price was allocated to assets acquired and liabilities assumed based upon the determination of fair value at date of acquisition as follows: $396 million to current assets, $99 million to non-current assets, $582 million to intangible assets other than goodwill, $267 million to current liabilities, $516 million to long-term liabilities, $680 million to goodwill, and $281 million to non-controlling interest. The goodwill arising from the acquisition was allocated to the Company's reportable segment of $646 million to GBS and $34 million to GIS segments and is not deductible for tax purposes. The amortizable lives associated with the intangible assets acquired includes developed technology, customer relationships and trade names, which have estimated useful lives of 7 to 8, 15 years and 3 to 5 years, respectively.

Fiscal 2016 Acquisitions

UXC Acquisition

On February 26, 2016, CSC acquired all of the outstanding capital stock of UXC Limited ("UXC"), a publicly owned IT services company and a leading provider of enterprise application capabilities, consulting, applications management, professional services, connect infrastructure and health services in Australia, for a total purchase consideration of $289 million (net of cash acquired of $13 million). The acquisition continued the rebalancing of CSC's offering portfolio, strengthening it’s next-generation delivery model, and expanding its client base around the world. Transaction costs associated with the acquisition of $7 million were recorded as Selling, general and administrative expenses.

The purchase price was allocated to assets acquired and liabilities assumed as follows: $125 million to current assets, $37 million to noncurrent assets, $91 million to intangible assets other than goodwill, $153 million to current liabilities, $50 million to long-term liabilities and $252 million to goodwill. The amortizable lives associated with the intangible assets acquired includes customer relationships, which have an estimated useful life of 10 years, and software and trade names, both of which have indefinite lives. The goodwill arising from the acquisition was allocated to both of the Company's reportable segments and was not deductible for tax purposes.

Fixnetix Acquisition

On September 24, 2015, CSC acquired all of the outstanding capital stock of Fixnetix, Limited, a privately held provider of front-office managed trading solutions for capital markets, for total purchase consideration of $112 million. The purchase consideration included cash of $88 million (net of $1 million cash acquired) paid at closing, the estimated fair value of contingent consideration as of the acquisition date of $21 million and $2 million of adjustments to the acquisition final net working capital in the fourth quarter of fiscal 2016. The fair value of the contingent consideration as of March 31, 2018 was zero.

Fruition Acquisition

On September 17, 2015, CSC acquired all of the outstanding capital stock of Fruition Partners, a privately held provider of technology-enabled solutions for the service management sector for cash consideration of $148 million (net of cash acquired of $2 million). The acquisition bolstered the Company's ability to offer enterprise and emerging clients an expanded range of cloud-based service-management solutions to improve their business through organizational efficiency and lower operating costs.

Pro forma financial information for the acquisitions completed during fiscal 2018, 2017 and 2016, with the exception of the HPES Merger, have not been presented because the acquisitions were neither individually, nor in the aggregate, material to the Company's financial results.

Note 3 - Divestitures

The Company had no material divestitures during fiscal 2018 and 2017.

On November 27, 2015, CSC divested its former NPS segment.The NPS Separation was made pursuant to the terms of a master separation and distribution agreement and several other agreements, including an intellectual property ("IP") agreement. Pursuant to the IP matters agreement, CSC granted CSRA Inc. ("CSRA") perpetual, royalty-free, non-assignable licenses to certain software products, trademarks and workflow and design methodologies for an annual net maintenance fee of $30 million per year for each of the five years following the NPS Separation in exchange for maintenance services. The IP matters agreement was amended in February 2017, pursuant to which CSC assigned to CSRA the IP rights CSRA had previously licensed. In exchange, CSRA paid CSC $65 million and was released from the obligation to pay the annual net maintenance fee. During fiscal 2017 and 2016, the Company recognized total revenues of $125 million and $35 million, respectively, for services rendered to CSRA under the IP matters agreement and various commercial agreements. Included in fiscal 2017 revenues was $20 million of revenues under the IP matters agreement which was recorded as deferred revenue and advance contract payments during fiscal 2016.

The following is a summary of the operating results of NPS which were reclassified as discontinued operations:

(in millions)	Fiscal Year Ended April 1, 2016[1]
Revenues	$ 2,504
Costs of services	1,935
Selling, general and administrative	52
Depreciation and amortization	90
Restructuring costs	1
Separation and merger costs	103
Interest expense	15
Other income, net	(21)
Income from discontinued operations before income taxes	329
Income tax expense	(138)
Income from discontinued operations, net of tax	$ 191

[1] *Results for fiscal 2016 reflect NPS's operating results through the NPS Separation date of November 27, 2015.*

During the fiscal year ended April 1, 2016 the Company incurred $122 million of costs in connection with the NPS Separation, primarily related to professional fees associated with preparation of regulatory filings and separation activities within finance, tax, legal and information system functions. Income from discontinued operations, net of taxes includes $103 million of these costs, and the remaining amount of $19 million was included within loss from continuing operations.

As a result of the NPS Separation, no gain or loss on disposition was recognized; however, discontinued operations included the results of the fiscal 2016 sale of Welkin Associates Limited, a wholly owned subsidiary in the NPS segment to a strategic investor for consideration of $34 million on which a gain of $22 million was realized. At the time of disposition, the Welkin divestiture did not qualify to be presented as discontinued operations since it did not represent a strategic shift that would have a major effect on CSC's operations or financial results.

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

(in millions)	Fiscal Year Ended April 1, 2016[1]
Depreciation	$ 75
Amortization	$ 15
Capital expenditures	$ (75)
Significant operating non-cash items:	
Net gain on disposition of business	$ 22
Significant investing non-cash items:	
Capital expenditures through capital lease obligations	$ —
Capital expenditures in accounts payable	$ (7)
Disposition of assets	$ (8)

[1] *Selected financial information for fiscal 2016 reflect cash flows through the Separation date of November 27, 2015.*

Note 4 - Earnings Per Share

Basic EPS are computed using the weighted average number of common shares outstanding during the period. Diluted EPS reflect 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:

	Fiscal Years Ended		
(in millions, except per-share amounts)	March 31, 2018	March 31, 2017	April 1, 2016
Net income (loss) attributable to DXC common shareholders:			
From continuing operations	$ 1,751	$ (123)	$ 71
From discontinued operations	—	—	180
	$ 1,751	$ (123)	$ 251
Common share information:			
Weighted average common shares outstanding for basic EPS	284.93	140.39	138.28
Dilutive effect of stock options and equity awards	4.84	—	3.05
Weighted average common shares outstanding for diluted EPS	289.77	140.39	141.33
EPS:			
Basic			
Continuing operations	$ 6.15	$ (0.88)	$ 0.51
Discontinued operations	—	—	1.31
Total	$ 6.15	$ (0.88)	$ 1.82
Diluted			
Continuing operations	$ 6.04	$ (0.88)	$ 0.50
Discontinued operations	—	—	1.28
Total	$ 6.04	$ (0.88)	$ 1.78

Certain share based equity awards were excluded from the computation of dilutive EPS because inclusion of these awards would have had an anti-dilutive effect. The number of awards excluded were as follows:

	Fiscal Years Ended		
	March 31, 2018	March 31, 2017	April 1, 2016
Stock Options	—	3,317,041	2,064,951
RSUs	54,637	845,315	201,581
PSUs	96,029	1,540,152	—

Note 5 - Receivables

Receivables, net of allowance for doubtful accounts consist of the following:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Billed trade receivables	$ 3,245	$ 732
Unbilled receivables	1,478	402
Other receivables	1,190	509
Total	$ 5,913	$ 1,643

The following table summarizes activity for the allowance for doubtful accounts:

	As of and for Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Beginning balance	$ 26	$ 31	$ 26
Additions charged to costs and expenses	45	10	6
Deductions[1]	(37)	(13)	(3)
Other[2]	6	(2)	2
Ending balance	$ 40	$ 26	$ 31

[1] *Represents write-offs and recoveries of prior year charges.*
[2] *Includes changes in foreign currency exchange rates and the impact of the AR securitization facility.*

Sale of Receivables

Receivables Securitization Facility

On December 21, 2016, CSC established a $250 million accounts receivable securitization facility (the "Receivables Facility") with certain unaffiliated financial institutions (the "Purchasers"). Under the Receivables Facility, the Company and certain of its subsidiaries sell billed and unbilled accounts receivable to CSC Receivables, LLC ("CSC Receivables"), a wholly owned bankruptcy-remote entity. CSC Receivables in turn sells such purchased accounts receivable in their entirety to the Purchasers pursuant to a receivables purchase agreement. Sales of receivables by CSC Receivables occur continuously and are settled on a monthly basis. The proceeds from the sale of these receivables comprise a combination of cash and a deferred purchase price receivable ("DPP"). The DPP is realized by the Company upon the ultimate collection of the underlying receivables sold to the Purchasers. 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. Total availability under the Receivables Facility was $188 million and $217 million as of March 31, 2018 and March 31, 2017, respectively. The Receivables Facility terminates on September 14, 2018, but provides for one or more optional one-year extensions, if agreed to by the Purchasers. The Company uses the proceeds from receivables sales under the Receivables Facility for general corporate purposes.

The Company has no retained interests in the transferred receivables, other than collection and administrative services and its right to the DPP. The DPP is included in receivables at fair value on the balance sheets. The fair value of the sold receivables approximated their book value due to their short-term nature, and as a result no gain or loss on sale of receivables was recorded during fiscal 2018 and 2017.

The following table reflects activity of the Receivables Facility:

	As of and for the Fiscal Years Ended	
(in millions)	March 31, 2018	March 31, 2017 [1]
Cash proceeds received	$ 188	$ 223
Deferred purchase price receivable	$ 233	$ 252
Liability recorded due to exceeded maximum funding limit	$ —	$ 6

[1] *Represents activity from the date the Receivables Facility was established, December 21, 2016, through March 31, 2017.*

The Company's risk of loss following the transfer of accounts receivable under the Receivables Facility is limited to the DPP outstanding and any short-falls in collections for specified non-credit related reasons after sale. Payment of the DPP is not subject to significant risks other than delinquencies and credit losses on accounts receivable sold under the Receivables Facility.

Certain obligations of Sellers under the Receivables Facility and CSC, as initial servicer, are guaranteed by the Company under a performance guaranty, made in favor of an administrative agent on behalf of the Purchasers. However, the performance guaranty does not cover CSC Receivables' obligations to pay yield, fees or invested amounts to the administrative agent or any of the Purchasers.

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

	As of and for the Fiscal Year Ended	
(in millions)	March 31, 2018	March 31, 2017
Beginning balance	$ 252	$ —
Transfers of receivables	2,222	1,195
Collections	(2,225)	(943)
Fair value adjustment	(16)	—
Ending balance	$ 233	$ 252

Federal Receivables Sales Facility

On July 14, 2017, Enterprise Services LLC, a wholly-owned subsidiary of the Company ("Enterprise"), entered into a Master Accounts Receivable Purchase Agreement (the "Purchase Agreement") with certain financial institutions (the "Financial Institutions"). The Purchase Agreement established a federal government obligor receivables purchase facility (the "Facility"). Concurrently, the Company entered into a guaranty made in favor of the Financial Institutions, that guarantees the obligations of the sellers and servicers of receivables under the Purchase Agreement. The guaranty does not cover any credit losses under the receivables. In connection with the USPS Separation and Mergers, the Company entered into certain amendments to the guaranty whereby the Company can request to terminate its guaranty at the time of the separation of its USPS business. In accordance with the terms of the Purchase Agreement, on January 23, 2018, the Purchase Agreement was amended to increase the facility limit from $200 million to $300 million in funding based on the availability of eligible receivables and the satisfaction of certain conditions.

Under the Facility, the Company sells eligible federal government obligor receivables, including billed and certain unbilled receivables. The Company has no retained interests in the transferred receivables other than collection and administrative functions for the Financial Institutions for a servicing fee. The Facility has a one-year term but may be extended. The Company uses the proceeds from receivables sales under the Facility for general corporate purposes.

The Company accounts for these receivable transfers as sales and derecognizes the sold receivables from its balance sheets. The fair value of the sold receivables approximated their book value due to their short-term nature, and as a result no gain or loss on sale on sale of receivables was recorded. The Company estimated that its servicing fee was at fair value and therefore, no servicing asset or liability related to these services was recognized as of March 31, 2018.

The following table reflects activity of the Federal Receivables Sales Facility:

(in millions)	As of and for the Fiscal Year Ended March 31, 2018
Transfers of receivables	$ 2,090
Collections	$ 1,970
Operating cash flow effect	$ 120
Restricted cash [1]	$ 68
Outstanding balance	$ 188

[1] *Represents collections not remitted to the Financial Institutions.*

Note 6 - 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 13 - "Pension and Other Benefit Plans" and Note Note 7 - "Derivative Instruments" for information about the fair value of our pension assets and derivative assets and liabilities, respectively. There were no transfers between any of the levels during the periods presented.

(in millions)		Fair Value Hierarchy As of March 31, 2018		
Assets:	Fair Value	Level 1	Level 2	Level 3
Money market funds and money market deposit accounts	$ 84	$ 84	$ —	$ —
Time deposits[1]	114	114	—	—
Other debt securities[2]	59	—	53	6
Deferred purchase price receivable	233	—	—	233
Total assets	$ 490	$ 198	$ 53	$ 239
Liabilities:				
Contingent consideration	$ 5	$ —	$ —	$ 5
Total liabilities	$ 5	$ —	$ —	$ 5

[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 $42 million and unrealized gains of $11 million.*

	As of March 31, 2017			
Assets:	Fair Value	Level 1	Level 2	Level 3
Money market funds and money market deposit accounts	$ 406	$ 406	$ —	$ —
Deferred purchase price receivable	252	—	—	252
Total assets	$ 658	$ 406	$ —	$ 252
Liabilities:				
Contingent consideration	$ 7	$ —	$ —	$ 7
Total Liabilities	$ 7	$ —	$ —	$ 7

The fair value of money market funds and money market deposit accounts, and time deposits, reported as 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, is 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, presented 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. 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 capitalized lease liabilities, was $6.1 billion and $2.2 billion as of March 31, 2018 and March 31, 2017, respectively, as compared with carrying value of $6.0 billion and $2.2 billion as of March 31, 2018 and March 31, 2017, respectively. If measured at fair value, long-term debt, excluding capitalized 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. There were no significant impairments recorded during the fiscal periods covered by this report.

The Company is subject to counterparty risk in connection with its derivative instruments, see Note 7 - "Derivative Instruments." With respect to its foreign currency derivatives, as of March 31, 2018, there were seven counterparties with concentration of credit risk, and based on gross fair value, the maximum amount of loss that the Company could incur is approximately $9 million.

The primary financial instruments other than derivatives that could subject the Company to concentrations of credit risk are accounts receivable. The Company periodically reviews its accounts receivable and records provisions for doubtful accounts as needed. The Company’s customer base includes Fortune 500 companies and other significant, well-known companies operating in North America, Europe, Asia and Australia. Credit risk with respect to accounts receivable is minimized because of the nature and diversification of the Company’s customer base. The Company’s credit risk could be affected by customers in bankruptcy proceedings; however, because most of these proceedings involve business reorganizations rather than liquidations, and the nature of the Company’s services are often considered essential to the operational continuity of these customers, the Company is generally able to avoid or mitigate significant adverse financial impact in these cases. As of March 31, 2018, and March 31, 2017, no single customer accounted for more than 10% of the Company's accounts receivable balance.

Note 7 - Derivative Instruments

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.

Derivatives Designated for Hedge Accounting

Cash flow hedges

The Company uses interest rate swap agreements designated as cash flow hedges to mitigate its exposure to interest rate risk associated with the variability of cash outflows for interest payments on certain floating interest rate debt, which effectively converts the debt into fixed interest rate debt. As of March 31, 2018 and March 31, 2017, the Company had interest rate swap agreements with a total notional amount of $635 million and $607 million, respectively.

For the fiscal year ended March 31, 2018, the Company performed both retrospective and prospective hedge effectiveness analyses for these interest rate swaps. The Company applied the long-haul method outlined in ASC 815 “Derivatives and Hedging", to assess retrospective and prospective effectiveness of the interest rate swaps. A quantitative effectiveness analysis assessment of the hedging relationship was performed using regression analysis, and as of March 31, 2018, the Company determined that the hedging relationship was highly effective.

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce risks related to certain Indian Rupee denominated intercompany obligations and forecasted transactions. The notional amounts of these foreign currency forward contracts as of March 31, 2018 and March 31, 2017 was $634 million and $486 million, respectively. As of March 31, 2018, the related forecasted transactions extend through February 2020.

For the fiscal years ended March 31, 2018 and March 31, 2017, the Company performed an assessment at the inception of these cash flow hedge transactions and determined that 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 fiscal years ended March 31, 2018 and March 31, 2017, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur. As of March 31, 2018, $15 million of the existing amount of gain reported in AOCI related to these cash flow hedges is expected to be reclassified into earnings within the next 12 months.

The pre-tax impact of gain (loss) on derivative instruments designated for hedge accounting recognized in other comprehensive income and net income was not material for the fiscal years ended March 31, 2018 and March 31, 2017.

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 and option contracts. Derivative instruments that are not designated as hedges 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 loans. The notional amount of the foreign currency forward contracts outstanding as of March 31, 2018 and March 31, 2017 was $3.1 billion and $2.9 billion, respectively.

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

		Fiscal Years Ended		
(in millions)	Statement of Operations Line Item	March 31, 2018	March 31, 2017	April 1, 2016
Foreign currency forward contracts	Other (income) expense, net	$ 118	$ (84)	$ 19

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		
		As of	
(in millions)	Balance Sheet Line Item	March 31, 2018	March 31, 2017
Derivatives designated for hedge accounting:			
Interest rate swaps	Other assets	$ 6	$ 5
Foreign currency forward contracts	Other current assets	14	27
Total fair value of derivatives designated for hedge accounting		$ 20	$ 32
Derivatives not designated for hedge accounting:			
Foreign currency forward contracts	Other current assets	$ 4	$ 15
Total fair value of derivatives not designated for hedge accounting		$ 4	$ 15

	Derivative Liabilities		
		As of	
(in millions)	Balance Sheet Line Item	March 31, 2018	March 31, 2017
Derivatives designated for hedge accounting:			
Interest rate swaps	Other long-term liabilities	$ —	$ 1
Foreign currency forward contracts	Accrued expenses and other current liabilities	3	—
Total fair value of derivatives designated for hedge accounting:		$ 3	$ 1
Derivatives not designated for hedge accounting:			
Foreign currency forward contracts	Accrued expenses and other current liabilities	$ 6	$ 12
Total fair value of derivatives not designated for hedge accounting		$ 6	$ 12

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 as Level 2 inputs. The fair value of interest rate swaps is estimated based on valuation models that use interest rate yield curves as Level 2 inputs.

Other risks

The Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. 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 with some of its counterparties. The following table provides information about the potential effect of such netting arrangements on the Company's derivative instruments:

	Fair Value as of			
	March 31, 2018		March 31, 2017	
(in millions)	Assets	Liabilities	Assets	Liabilities
Gross amount of derivative instruments recognized in the balance sheets	$ 24	$ 9	$ 47	$ 13
Gross amounts not offset in the balance sheets [1]	1	2	1	2
Net amount	$ 23	$ 7	$ 46	$ 11

[1] *These amounts represent the fair value of derivative instruments subject to enforceable master netting arrangements that the Company has elected to not offset. The Company's derivative contracts do not require it to hold or post financial collateral.*

Note 8 - Property and Equipment

Property and equipment consisted of the following:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Property and equipment — gross:		
Land, buildings and leasehold improvements	$ 2,539	$ 873
Computers and related equipment	4,431	2,695
Furniture and other equipment	349	141
Construction in progress	79	10
	7,398	3,719
Less: accumulated depreciation and amortization	3,752	2,816
Property and equipment, net	$ 3,646	$ 903

Depreciation expense for fiscal 2018, 2017 and 2016 was $779 million, $338 million and $383 million, respectively.

Note 9 - Intangible Assets

	As of March 31, 2018		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	$ 3,560	$ 1,946	$ 1,614
Outsourcing contract costs	1,593	757	836
Customer related intangible assets	6,305	735	5,570
Other intangible assets	90	19	71
Total intangible assets	$ 11,548	$ 3,457	$ 8,091

	As of March 31, 2017		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	$ 2,347	$ 1,554	$ 793
Outsourcing contract costs	793	475	318
Customer related intangible assets	851	248	603
Other intangible assets	96	16	80
Total intangible assets	$ 4,087	$ 2,293	$ 1,794

Total intangible assets amortization was $1,226 million, $320 million and $286 million for fiscal 2018, 2017 and 2016, respectively. Total intangible assets amortization included amortization of outsourcing contract cost premiums recorded as reductions of revenues of $41 million, $11 million and $11 million for fiscal 2018, 2017 and 2016, respectively. The increase in net and gross carrying value from fiscal 2017 to 2018 was primarily due to the HPES Merger. See Note 2 - "Acquisitions".

During fiscal 2016, the Company sold certain intangible assets with net book value of zero to a third party and recorded a gain on sale of $31 million as a reduction to GIS segment cost of services. There were no similar sales of intangible assets to a third party during fiscal 2018 and fiscal 2017.

Estimated future amortization related to intangible assets as of March 31, 2018 is as follows:

Fiscal Year	(in millions)
2019	$ 1,211
2020	$ 1,118
2021	$ 1,002
2022	$ 858
2023	$ 794

Note 10 - Goodwill

The following tables summarize the changes in the carrying amounts of goodwill, by segment, for the fiscal years ended March 31, 2018 and March 31, 2017, respectively.

(in millions)	GBS	GIS	USPS	Total
Goodwill, gross	$ 2,171	$ 2,446	$ —	$ 4,617
Accumulated impairment losses	(701)	(2,061)	—	(2,762)
Balance as of March 31, 2017, net	1,470	385	—	1,855
Additions	2,889	2,609	2,010	7,508
Foreign currency translation	184	105	—	289
Goodwill, gross	5,244	5,160	2,010	12,414
Accumulated impairment losses	(701)	(2,061)	—	(2,762)
Balance as of March 31, 2018, net	$ 4,543	$ 3,099	$ 2,010	$ 9,652

(in millions)	GBS	GIS	Total
Goodwill, gross	$ 1,615	$ 2,424	$ 4,039
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of April 1, 2016, net	914	363	1,277
Additions	655	34	689
Foreign currency translation	(99)	(12)	(111)
Goodwill, gross	2,171	2,446	4,617
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of March 31, 2017, net	$ 1,470	$ 385	$ 1,855

As a result of the HPES Merger, the Company began to report the USPS segment, formerly a component of the HPES business, see Note 18 - "Segment and Geographic Information" for additional information. The fiscal 2018 and 2017 additions to goodwill were due primarily to the acquisitions described in Note 2 - "Acquisitions". The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

Fiscal 2018

The Company's annual goodwill impairment analysis, which was performed qualitatively as of July 1, 2017, did not result in an impairment charge. At the end of the fiscal 2018, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below its carrying amount and require goodwill to be tested for impairment. The Company determined that there have been no such indicators, and, therefore, it was unnecessary to perform an interim goodwill impairment test as of March 31, 2018.

Fiscal 2017

For the Company's annual goodwill impairment assessment as of July 2, 2016, the Company chose to bypass the initial qualitative assessment and proceeded directly to the first step of the impairment test for all reporting units. Based on the results of the first step of the impairment test, the Company concluded that the fair value of each reporting unit exceeded its carrying value and therefore the second step of the goodwill impairment test was not required.

As of March 31, 2017, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below its carrying amount and require goodwill to be tested for impairment. The Company determined that there have been no such indicators and therefore, it was unnecessary to perform an interim goodwill impairment test as of March 31, 2017.

Fiscal 2016

For the Company's annual goodwill impairment assessment as of July 4, 2015, the Company chose to bypass the initial qualitative assessment and proceeded directly to the first step of the impairment test for all reporting units. Based on the results of the first step of the impairment test, the Company concluded that the fair value of each reporting unit significantly exceeded its carrying value and therefore the second step of the goodwill impairment test was not required.

Note 11 - Income Taxes

The sources of income (loss) from continuing operations, before income taxes, classified between domestic entities and those entities domiciled outside of the United States, are as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Domestic entities	$ 821	$ (157)	$ (222)
Entities outside the United States	850	(17)	232
Total	$ 1,671	$ (174)	$ 10

On December 22, 2017, the President of the United States signed into law comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Act"). The Act makes significant changes to the Internal Revenue Code of 1986 with varying effective dates. The Act reduces the maximum corporate income tax rate to 21% effective as of January 1, 2018, requires companies to pay a one-time transition tax on certain un-repatriated earnings of foreign subsidiaries, broadens the tax base, generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries, creates a new limitation on the deductibility of interest expense, limits the deductibility of certain executive compensation, and allows for immediate capital expensing of certain qualified property. It also requires companies to pay minimum taxes on foreign earnings and subjects certain payments from U.S. corporations to foreign related parties to additional taxes. As a fiscal year taxpayer, the Company will not be subject to many of the tax law provisions until fiscal year 2019; however, GAAP requires companies to revalue their deferred tax assets and liabilities with resulting tax effects accounted for in the reporting period of enactment including retroactive effects. Section 15 of the Internal Revenue Code stipulates that the Company's fiscal year ending March 31, 2018, has a weighted corporate U.S. federal income tax rate of 31.5%, which is based on the applicable tax rates before and after the effective date of the Act and the number of days in the Company's federal tax year ending on October 31st.

The SEC staff issued SAB 118, which provides guidance on accounting for the tax effects of the Act in the reporting period of the enactment. SAB 118 provides a measurement period that should not extend beyond one year from the Act enactment date for companies to complete the accounting under ASC 740 "Income Taxes." In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Act.

Based on a preliminary assessment of the Act, the Company believes that the most significant impact on the Company's financial statements are as follows:

Reduction of U.S. federal corporate income tax rate: As discussed above, the Act reduces the corporate tax rate to 21%, effective January 1, 2018. For the period ending December 31, 2017 the Company recorded a deferred income tax discrete benefit of $320 million, resulting in a $320 million decrease in net deferred tax liabilities. Based on calculating the deferred tax balances as of March 31, 2018, we recognized an additional measurement-period adjustment of $18 million, with a corresponding adjustment of $18 million to income tax benefit during the period. The effect of the additional measurement-period adjustment on the fiscal 2018 effective tax rate was not material. The Company has recorded a total provisional deferred income tax benefit of $338 million, resulting in a $338 million decrease in net deferred tax liabilities as of March 31, 2018. Due to the Company's federal tax year ending October 31, 2018 the Company is required to determine the reversal period of the deferred tax assets and liabilities recorded as of March 31, 2018 to finalize the estimate of the rate reduction. The Company has estimated the reversal based on expected changes in the deferred tax balances. The estimate will be finalized prior to the end of the measurement period when the reversal of the deferred tax assets and liabilities is known.

Deemed Repatriation Transition Tax: The deemed repatriation one-time transition tax is a tax on previously untaxed accumulated and current earnings and profits (E&P) of certain of the Company's foreign subsidiaries. To determine the amount of the transition tax, the Company must determine, in addition to other factors, the amount of post-1986 E&P of the relevant foreign subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. The Company was able to make a reasonable estimate of the federal transition tax in the period of enactment and recorded a provisional income tax expense and related liability of $386 million. Based on revised E&P computations and updated non-US income tax amounts that were calculated during the reporting period, we recognized an additional measurement-period adjustment and reduced the transition tax obligation by $25 million, with a corresponding adjustment of $25 million to income tax benefit during the period. The effect of the measurement-period adjustment on the 2018 effective tax rate was not material. The total transition tax obligation to date of $361 million has been recorded, with a corresponding reduction of $361 million to income tax benefit. The transition tax obligation is payable over up to eight years. The Company is continuing to gather additional information to compute the amount of the transition tax, including further analysis regarding the amount and composition of the Company's and HPES's historical foreign earnings and non-US income taxes. HPES also has a federal tax year end of October 31st and therefore the prior year federal tax return has not been finalized.

Permanent reinvestment assertion: Beginning in 2018, the Act provides a 100% deduction for dividends received from 10-percent owned foreign corporations by U.S. corporate shareholders, subject to a one-year holding period. Although dividend income is now exempt from U.S. federal tax for U.S. corporate shareholders, companies must still account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. For the period ending December 31, 2017 the Company recorded a provisional estimate for those subsidiaries for which we were able to make a reasonable estimate of the tax effects of such repatriation for withholding taxes, state taxes, and India DDT of $8 million, $27 million and $80 million, respectively. Based on actual amounts for the fiscal year, we recognized an additional measurement-period adjustment of $16 million. The effect of the measurement-period adjustment on the fiscal 2018 effective tax rate was not material. For those subsidiaries for which we were able to make a reasonable estimate of the tax effects of such repatriation, we have recorded a total provisional estimate for withholding taxes, state taxes, and India DDT of $12 million, $7 million and $80 million, respectively. The Company needs additional time to analyze the foreign tax rules for all of their foreign subsidiaries. In addition, guidance may be released by various state jurisdictions, which could also impact these estimates.

Executive compensation: As a result of changes made by the Act, starting with compensation paid in fiscal 2019, Section 162(m) will limit us from deducting compensation, including performance-based compensation, in excess of $1 million paid to anyone who, starting in 2018, serves as the Chief Executive Officer or Chief Financial Officer, or who is among the three most highly compensated executive officers for any fiscal year. The only exception to this rule is for compensation that is paid pursuant to a binding contract in effect on November 2, 2017 that would have otherwise been deductible under the prior Section 162(m) rules. Accordingly, any compensation paid in the future pursuant to new compensation arrangements entered into after November 2, 2017, even if performance-based, will count towards the $1 million fiscal year deduction limit if paid to a covered executive. For the period ending December 31, 2017 the Company's analysis was incomplete and a provisional estimate was not recorded. In the current period the Company recorded a provisional estimate of $2 million for executive compensation impact, which reduced the income tax benefit. The Company is in process of completing an analysis of the binding contract requirement on the various compensation plans to determine the impact of the law change.

Capital expensing: For the period ending December 31, 2017 the Company's analysis was incomplete and a provisional estimate was not recorded. In the current period the Company recorded a provisional benefit of $87 million based on its intent to fully expense all qualifying expenses. This resulted in a decrease of approximately $87 million to the Company's current income taxes payable and a corresponding increase in its net deferred tax liabilities. The income tax effects for this change in law require further analysis due to the volume of data required to complete the calculations.

The Company's accounting for the following elements of the Act is incomplete, and it is not yet able to make reasonable estimates of the effects. Therefore, no provisional adjustments were recorded.

Global intangible low taxed income (GILTI): The Act creates a new requirement that certain income (i.e., GILTI) earned by controlled foreign corporations (CFCs) must be included currently in the gross income of the CFCs' U.S. shareholder for taxable years of foreign corporations beginning after December 31, 2017. GILTI is the excess of the shareholder's "net CFC tested income" over the net deemed tangible income return, which is currently defined as the excess of (1) 10 percent of the aggregate of the U.S. shareholder's pro rata share of the qualified business asset investment of each CFC with respect to which it is a U.S. shareholder over (2) the amount of certain interest expense taken into account in the determination of net CFC-tested income.

Because of the complexity of the new GILTI tax rules, the Company is continuing to evaluate this provision of the Act and the application of ASC 740. Under GAAP, the Company is allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method") or (2) factoring such amounts into a company's measurement of its deferred taxes (the "deferred method"). The Company's selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing its global income to determine whether we expect to have future U.S. inclusions in taxable income related to GILTI and, if so, what the impact is expected to be for the Company. Because whether the Company expects to have future U.S. inclusions in taxable income related to GILTI depends not only on its current structure and estimated future results of global operations, but also its intent and ability to modify its structure and business, the Company is not yet able to reasonably estimate the effect of this provision of the Act in the current reporting period. Therefore, the Company has not made any adjustments related to potential GILTI tax in its financial statements and has not made an accounting policy decision.

Base Erosion and Anti-Abuse Tax (BEAT): The Act creates a new minimum tax. For tax years beginning after December 31, 2017, a corporation is potentially subject to tax under the BEAT provision if the federal tax group has sufficient gross receipts and derives a sufficient level of "base erosion tax benefits." Under the BEAT, a corporation must pay a base erosion minimum tax amount (BEMTA) in addition to its regular tax liability after credits. The BEMTA is generally equal to the excess of (1) a fixed percentage of a corporation's modified taxable income (taxable income determined without regard to any base erosion tax benefit related to any base erosion payment, and without regard to a portion of its NOL deduction) over (2) its regular tax liability (reduced by certain credits). The fixed percentage is generally 5 percent for taxable years beginning in 2018, 10 percent for years beginning after 2018 and before 2026, and 12.5 percent for years after 2025.

The Company is evaluating the impact of this BEAT provision on our current operating model and considering making modifications to our operating model once additional formal guidance is issued by the US tax authorities that will clarify the ambiguities of the BEAT provision.

Due to anticipated future guidance to be issued by the IRS, interpretation of the changes in tax law and analysis of the information required to complete the calculations, the amounts recorded as a result of the Act in the period are provisional and subject to material changes. The Company will continue to analyze the Act's impact on its financial statements and adjust the provisional amounts recorded as our analysis is completed, no later than December 2018.

The income tax benefit on income (loss) from continuing operations is comprised of:

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Current:			
Federal	$ 453	$ (32)	$ (79)
State	31	14	(22)
Foreign	247	36	59
	731	18	(42)
Deferred:			
Federal	(850)	(7)	(39)
State	(53)	(1)	48
Foreign	61	(84)	(29)
	(842)	(92)	(20)
Total income tax benefit	$ (111)	$ (74)	$ (62)

The current benefit for fiscal 2018 includes $332 million of non-current transition tax. The current (benefit) expense for fiscal 2018, 2017 and 2016, includes interest and penalties of $2 million, $(9) million and $(4) million, respectively, for uncertain tax positions.

As a result of the HPES Merger and changes in U.S. cash requirements, a deferred tax liability $542 million was recorded for U.S. income taxes based on the estimated historical taxable earnings of the HPES foreign subsidiaries. In addition, the Company recorded an estimated liability of $50 million for India DDT tax based on estimated historical taxable earnings of the HPES India subsidiary. These liabilities were recorded as part of acquisition accounting.

As a result of the Act, the Company changed its permanent reinvestment assertion on the remaining CSC foreign subsidiaries and will no longer consider current and accumulated earnings for all non-U.S. subsidiaries permanently reinvested, except for current year Indian earnings. A deferred tax liability of $554 million has been released and the Company's estimated liability for India DDT was increased by $30 million to $80 million to include estimated historical taxable earnings for CSC Indian subsidiaries. During the current period, the Company distributed $153 million of intercompany dividends incurring and paying $31 million of DDT upon distribution. For those investments from which the Company was not able to make a reasonable estimate, it has not recorded any deferred taxes. The Company will record the tax effects of the change in its assertion with respect to these subsidiaries and disclose any unrecognized deferred tax liability for temporary differences related to its foreign investments, if practicable, in the period that it is first able to make a reasonable estimate, no later than December 2018.

In connection with the HPES Merger, the Company entered into a tax matters agreement with HPE. HPE generally will be responsible for pre-HPES Merger tax liabilities including adjustments made by tax authorities to HPES U.S. and non-U.S. income tax returns. Likewise, DXC is liable to HPE for income tax receivables and refunds which it receives related to pre-HPES Merger periods. Pursuant to the tax matters agreement, the Company recorded a net payable of $27 million due to $110 million of tax indemnification receivable related to uncertain tax positions net of related deferred tax benefits, $75 million of tax indemnification receivable related to other tax payables and $212 million of tax indemnification payable related to other tax receivables.

The major elements contributing to the difference between the U.S. federal statutory tax rate of 31.5% and the effective tax rate ("ETR") for continuing operations are as follows:

	Fiscal Years Ended		
	March 31, 2018	March 31, 2017	April 1, 2016
Statutory rate	31.5 %	(35.0)%	35.0 %
State income tax, net of federal tax	2.5	(4.0)	(145.7)
United States Tax Reform	(31.7)	—	—
Change in Indefinite Reinvestment Assertion	2.6	—	—
Loss of attributes due to merger	4.0	—	—
Change in uncertain tax positions	(0.1)	(3.4)	(685.0)
Foreign tax rate differential	(4.5)	(41.1)	(377.4)
Capitalized transaction costs	1.1	12.1	22.3
Change in valuation allowances	(6.0)	34.3	743.6
Excess tax benefits for stock compensation	(2.3)	(11.3)	(230.0)
Prepaid tax asset amortization	0.3	7.1	78.8
Income Tax and Foreign Tax Credits	(6.0)	(2.0)	(58.0)
Other items, net	2.0	0.8	(3.6)
Effective tax rate	(6.6)%	(42.5)%	(620.0)%

In fiscal 2018, the ETR was primarily impacted by the effects of the Act:

- The release of a deferred tax liability relating to the outside basis difference of foreign subsidiaries which increased the income tax benefit and decreased the ETR by $554 million and 33.2%, respectively.
- The accrual of the one-time transition tax on estimated unremitted foreign earnings which decreased the income tax benefit and increased the ETR by $361 million and 21.6%, respectively.
- The remeasurement of deferred tax assets and liabilities as a result of the Act, which increased the income tax benefit and decreased the ETR by $338 million and 20.3%, respectively.

In fiscal 2017, the ETR was primarily impacted by:

- A change in the valuation allowance that primarily consists of an aggregate income tax detriment for the increase in the valuation allowances on tax attributes in the United States, Germany and Luxembourg, which decreased the overall income tax benefit and decreased the ETR by $135 million and 78%, respectively. Offset by an income tax benefit from the release of valuation allowances on tax attributes in Denmark, Japan and the United Kingdom which increased the overall income tax benefit and increased the ETR by $75 million and 43%, respectively.
- An income tax detriment for transaction costs incurred that are not deductible for tax purposes, which resulted in a decrease to the overall tax benefit and decreased the ETR by $21 million and 12.1%, respectively.
- An income tax benefit from excess tax benefits realized from employee share-based payment awards, which resulted in an increase in the overall income tax benefit and increased the ETR by $20 million and 11.3%, respectively.

In fiscal 2016, the ETR was primarily impacted by:

- The early adoption of ASU 2016-09 “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting” resulted in a tax benefit from the excess tax benefits realized from share options vested or exercised. This increased the overall income tax benefit and the ETR by $23 million and 230%, respectively.
- Local losses on investments in Luxembourg (i) increased the valuation allowance and the ETR by $47 million and 470%, respectively, and (ii) decreased the foreign rate differential and ETR by $47 million and by 470%, respectively.

- An increase in the overall valuation allowance primarily due to the divestiture of the Company's former NPS business division, which resulted in an increase in the valuation allowances related to state net operating losses and state tax credits. This decreased the overall income tax benefit and ETR by $27 million and 270%, respectively.
- The release of a liability for uncertain tax positions following the closure of the U.K. tax audit for fiscal 2010 to 2012. This increased the overall income tax benefit by $58 million and the ETR by 580%.
- The Company recognized adjustments to uncertain tax positions in the United States that increased the overall income tax benefit by $24 million and the ETR by 240%, respectively.

The deferred tax assets (liabilities) were as follows:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Deferred tax assets		
Employee benefits	$ 159	$ 172
Tax loss/credit carryforwards	1,672	1,307
Accrued interest	19	16
Contract accounting	149	89
Other assets	283	83
Total deferred tax assets	2,282	1,667
Valuation allowance	(1,442)	(1,094)
Net deferred tax assets	840	573
Deferred tax liabilities		
Depreciation and amortization	(1,111)	(282)
Investment basis differences	(62)	(103)
Other liabilities	(94)	(45)
Total deferred tax liabilities	(1,267)	(430)
Total net deferred tax assets (liabilities)	$ (427)	$ 143

Income tax related assets are included in the accompanying balance sheets as follows:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Current:		
Income tax receivables	$ 227	$ 146
	$ 227	$ 146
Non-current:		
Income taxes receivable and prepaid taxes	$ 92	$ 50
Deferred tax assets	373	381
	$ 465	$ 431
Total	$ 692	$ 577

Income tax related liabilities are included in the accompanying balance sheet as follows:

	As of	
(in millions)	March 31, 2018	March 31, 2017
Current:		
Liability for uncertain tax positions	$ (33)	$ (17)
Income taxes payable	(112)	(21)
	$ (145)	$ (38)
Non-current:		
Deferred taxes	(800)	(238)
Income taxes payable	(251)	—
Liability for uncertain tax positions	(278)	(185)
	$ (1,329)	$ (423)
Total	$ (1,474)	$ (461)

Significant management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. A valuation allowance has been recorded against deferred tax assets of approximately $1.4 billion as of March 31, 2018 due to uncertainties related to the ability to utilize these assets. In assessing whether its deferred tax assets are realizable, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. In determining whether the deferred tax assets are realizable, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, taxable income in prior carryback years, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are evaluated as of the balance sheet date and will be subject to change in each future reporting period as a result of changes in various factors. The net increase in the valuation allowance of $348 million in fiscal 2018, is primarily due to the acquired valuation allowance balances of HPES of $289 million, current year restructuring costs and losses not benefited in non-U.S. jurisdictions including Germany, Denmark, France, and currency translation of $152 million mainly in Luxembourg; reduced by the release of valuation allowances in non-U.S. jurisdictions and certain state income tax carry-forwards and a write-off of state tax capital losses due to expiration. The release of valuation allowances is due to objectively verifiable positive evidence including improved earnings and three years of cumulative profits outweighing the negative evidence.

The following table provides information on the Company's various tax carryforwards:

	As of March 31, 2018				As of March 31, 2017			
(in millions)	Total	With No Expiration	With Expiration	Expiration Dates Through	Total	With No Expiration	With Expiration	Expiration Dates Through
Net operating loss carryforwards								
Federal	$ 41	$ —	$ 41	2037	$ 65	$ —	$ 65	2037
State	$ 876	$ —	$ 876	2038	$ 911	$ —	$ 911	2037
Foreign	$ 6,522	$ 6,287	$ 235	2038	$ 4,608	$ 4,537	$ 71	2036
Tax credit carryforwards								
Federal	$ —	$ —	$ —	N/A	$ 7	$ —	$ 7	2024
State	$ 32	$ 7	$ 25	2038	$ 45	$ 10	$ 35	2026
Foreign	$ 21	$ —	$ 21	2020	$ 10	$ —	$ 10	2020
Capital loss carryforwards								
Federal	$ —	$ —	$ —	N/A	$ —	$ —	$ —	N/A
State	$ —	$ —	$ —	N/A	$ 289	$ —	$ 289	2018
Foreign	$ 240	$ 193	$ 47	2023	$ 235	$ 235	$ —	N/A

The Company is currently the beneficiary of tax holiday incentives in India and Malaysia, which expire in various fiscal years through 2026. As a result of these tax holiday incentives, the Company recorded an income tax benefit of approximately $5 million, $1 million and $2 million, during fiscal 2018, 2017 and 2016, respectively. The per share effects were $0.02, $0.01 and $0.02, for fiscal 2018, 2017 and 2016, respectively.

The Finance Act of 2012 (the "2012 Finance Act") was signed into law in India on May 28, 2012. The 2012 Finance Act provides for the taxation of indirect foreign investment in India, including on a retroactive basis. The 2012 Finance Act overrides the Vodafone NL ruling by the Supreme Court of India which held that the Indian Tax Authorities cannot assess capital gains taxes on the sale of shares of non-Indian companies that indirectly own shares in an Indian company. The retroactive nature of these changes in law has been strongly criticized and challenged in the Indian courts; however, there is no assurance that such a challenge will be successful. We have engaged in the purchase of shares of foreign companies that indirectly own shares of an Indian company and internal reorganizations involving Indian companies. The Indian tax authorities may seek to apply the provisions of the 2012 Finance Act to these prior transactions and seek to tax us directly or as a withholding agent or representative assessee of the sellers involved in prior acquisitions. We believe that the 2012 Finance Act does not apply to these prior acquisitions and that we have strong defenses against any claims that might be raised by the Indian tax authorities.

The Company accounts for income tax uncertainties in accordance with Income Taxes (ASC 740), which prescribes a recognition threshold and measurement criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. ASC 740 also provides guidance on the accounting for and disclosure of liabilities for uncertain tax positions, interest and penalties.

In accordance with ASC 740, the Company’s liability for uncertain tax positions was as follows:

	Fiscal Years Ended	
(in millions)	March 31, 2018	March 31, 2017
Tax	$ 270	$ 192
Interest	49	25
Penalties	25	11
Net of tax attributes	(33)	(26)
Total	$ 311	$ 202

The following table summarizes the activity related to the Company’s uncertain tax positions (excluding interest and penalties and related tax attributes):

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Balance at beginning of fiscal year	$ 192	$ 180	$ 304
Gross increases related to prior year tax positions	10	14	21
Gross decreases related to prior year tax positions	(12)	(12)	(101)
Gross increases related to current year tax positions	7	10	7
Settlements and statute of limitation expirations	(19)	(7)	(48)
Acquisitions	90	6	3
Foreign exchange and others	2	1	(6)
Balance at end of fiscal year	$ 270	$ 192	$ 180

The Company’s liability for uncertain tax positions at March 31, 2018, March 31, 2017 and April 1, 2016, includes $219 million, $149 million and $122 million, respectively, related to amounts that, if recognized, would affect the effective tax rate (excluding related interest and penalties).

The Company recognizes interest accrued related to uncertain tax positions and penalties as a component of income tax expense. During the year ended March 31, 2018, the Company had net increase in interest expense of $2 million ($2 million net of tax) and net increase in accrued expense for penalties of $0.2 million, and as of March 31, 2018, recognized a liability for interest of $49 million ($43 million net of tax) and penalties of $25 million. The increase in liability in FY18 compared to FY17 is mostly related to acquired interest and penalties from the acquisition of HPES. During the year ended March 31, 2017, the Company had a net decrease in interest of $8 million (decrease of $9 million net of tax) and no change in accrued penalties and as of March 31, 2017, has recognized a liability for interest of $25 million ($20 million net of tax) and penalties of $11 million. During the year ended April 1, 2016, the Company had a net increase in interest of $(6) million ($(4) million net of tax) and a net decrease in accrued penalties of $2 million, and as of April 1, 2016, recognized a liability for interest of $33 million ($29 million net of tax) and penalties of $11 million. The following table presents the change in interest and penalties from the previous reported period, as well as the liability at the end of each period presented:

	As of and for the Fiscal Years Ended		
	March 31, 2018	March 31, 2017	April 1, 2016
(in millions)	Increase (Decrease)		
Interest	$ 2	$ (8)	$ (6)
Interest, net of tax	$ 2	$ (9)	$ (4)
Accrued penalties	$ —	$ —	$ 2
Liability for interest	$ 49	$ 25	$ 33
Liability for interest, net of tax	$ 43	$ 20	$ 29
Liability for penalties	$ 25	$ 11	$ 11

The Company is currently under examination in several tax jurisdictions. A summary of the tax years that remain subject to examination in certain of the Company’s major tax jurisdictions are:

Jurisdiction:	Tax Years that Remain Subject to Examination (Fiscal Year Ending):
United States – Federal	2005 and forward
United States – Various States	2005 and forward
Australia	2012 and forward
Canada	2010 and forward
France	2013 and forward
Germany	2010 and forward
India	1998 and forward
United Kingdom	2013 and forward

The IRS is examining CSC's federal income tax returns for fiscal 2008 through 2016. 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 April 30, 2019. In addition, during the first quarter of fiscal 2018, the Company received a Revenue Agent’s Report with proposed adjustments to CSC's fiscal 2011 through 2013 federal returns. The Company has filed a protest of certain of these adjustments to the IRS Office of Appeals. The IRS is also examining CSC's fiscal 2014 through 2016 federal income tax returns. The Company has not received any adjustments for this cycle. For HPES entities the IRS is examining federal income tax returns for fiscal 2008 through 2012. In addition, HPE entities have received a Revenue Agent's Report with respect to calendar years 2005 through 2008, and these adjustments were protested to the IRS Office of Appeals. The Company continues to believe that its tax positions are more-likely-than-not sustainable and that the Company will ultimately prevail.

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 as uncertain tax positions. 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 with the tax authorities for amounts lower than those that have been accrued or extinguish a position though payment. The Company believes the outcomes which are reasonably possible within the next twelve months may result in a reduction in liability for uncertain tax positions of $36 million to $70 million, excluding interest, penalties, and tax carry-forwards.

Note 12 - Debt

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

(in millions)	Interest Rates	Fiscal Year Maturities	As of March 31, 2018	As of March 31, 2017
Short-term debt and current maturities of long-term debt				
Euro-denominated commercial paper[1]	(0.1) - 0.02%[2]	2019	$ 863	$ 646
Current maturities of long-term debt	Various	2019	439	55
Current maturities of capitalized lease liabilities	0.3% - 6.7%	2019	771	37
Short-term debt and current maturities of long term debt			$ 2,073	$ 738
Long-term debt, net of current maturities				
GBP term loan	1.0% -1.4%[3]	2019	$ 260	$ 233
EUR term loan	1.75%[4]	2019	493	—
USD term loan	1.2% - 2.3%[5]	2021	—	571
AUD term loan	2.9% - 3.1%[6]	2022	210	76
EUR term loan	0.9% [7]	2022	187	—
USD term loan	2.2% - 3.1%[8]	2022	899	—
$500 million Senior notes	2.875%	2020	502	—
$650 million Senior notes	2.3% - 3.0%[9]	2021	646	—
$274 million Senior notes[10]	4.45%	2023	278	—
$171 million Senior notes[10]	4.45%	2023	173	453
$500 million Senior notes	4.25%	2025	507	—
£250 million Senior notes	2.75%	2025	346	—
$500 million Senior notes	4.75%	2028	509	—
$234 million Senior notes[11]	7.45%	2030	277	—
$66 million Senior notes[11]	7.45%	2030	79	—
Revolving credit facility[12]	1.4% - 1.6%	2021 - 2023	—	678
Lease credit facility	1.9% - 2.9%	2020 - 2023	46	60
Capitalized lease liabilities	0.3% - 6.7%	2019 - 2023	1,525	104
Borrowings for assets acquired under long-term financing	2.3% - 4.0%	2019 - 2022	405	77
Mandatorily redeemable preferred stock outstanding	6%	2023	61	61
Other borrowings	0.5% - 14.0%	2019 - 2037	113	4
Long-term debt			7,516	2,317
Less: current maturities of long-term debt and capitalized lease liabilities			1,210	92
Long-term debt, net of current maturities			$ 6,306	$ 2,225

[1] During fiscal 2017, DXC increased the maximum size from €500 million to €1 billion.
[2] Approximate weighted average interest rate.
[3] Three-month LIBOR rate plus 0.65%.
[4] Three-month EURIBOR rate plus 1.75%.

[5] At DXC's option, the USD term loan bore interest at a variable rate equal to the adjusted LIBOR for a one, two, three, or six month interest period, plus a margin between 0.75% and 1.50% based on a pricing grid consistent with the Company's outstanding revolving credit facility or the greater of the prime rate, the federal funds rate plus 0.50%, or the adjusted LIBOR for a one-month interest period plus 1.00%, in each case plus a margin of up to 0.50%, based on a pricing grid consistent with the revolving credit facility.

[6] Variable interest rate equal to the bank bill swap bid rate for a one, two, three or six-month interest period plus 0.95% - 1.45% based on the published credit ratings of DXC.

[7] 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 of between 0.75% and 1.35%, based on published credit ratings of DXC.

[8] 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 of between 1.00% and 1.75% based on published credit ratings of DXC or the Base Rate plus a margin of between 0.00% and 0.75%, based on published credit ratings of DXC.

[9] Three-month LIBOR plus 0.95%.

[10] During fiscal 2018, DXC completed an exchange offer, whereby $274 million aggregate principal amount of CSC notes were tendered in exchange for a like aggregate principal amount of DXC notes with like maturity and interest rate. Upon completion of the exchange, $171 million aggregate principal amount of CSC Notes remained outstanding.

[11] During fiscal 2018, DXC completed an exchange offer whereby $234 million principal amount of the $300 million Senior notes (the "EDS Notes") were tendered in exchange for a like principal amount of DXC notes with like maturity and interest rate. The remaining $66 million principal amount of the EDS Notes outstanding were held by public noteholders.

[12] During fiscal 2018, DXC exercised its option to extend the maturity date and also increased commitments to $3.81 billion, $70 million of which matures in January 2021 and $3.74 billion matures in January 2023.

Senior Notes and Term Loans

Interest on the Company's term loans is payable monthly or quarterly in arrears at the election of the borrower. 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 £250 million Senior notes due 2025 which is payable annually in arrears, and interest on the $650 million Senior notes due 2021 which is payable quarterly in arrears. Generally, the Company's notes are redeemable at the Company's discretion at the then-applicable redemption premium plus accrued interest.

On April 3, 2017, as a result of the HPES Merger, financial covenants were amended and CSC was replaced with DXC as the borrower and guarantor to certain outstanding debt including short-term Euro-denominated commercial paper, senior notes and term loans. In connection with the HPES Merger, DXC entered into an unsecured term loan agreement consisting of a $375 million U.S. dollar term loan maturing in 2020, a $1.3 billion U.S. dollar term loan maturing in 2022 and a Euro-equivalent of $315 million EUR term loan maturing in 2022. The U.S. term loan maturing in 2020 and portions of the term loans maturing in 2022 were repaid subsequent to the HPES Merger. DXC assumed pre-existing indebtedness incurred by HPES including 7.45% senior notes due 2030 which were issued at a principal amount of $300 million.

During fiscal 2018, in connection with the HPES Merger, DXC completed an offering of senior notes in an aggregate principal amount of $1.5 billion consisting of 2.875% senior notes due 2020, 4.25% senior notes due 2025 and 4.75% senior notes due 2028. Additionally, DXC issued 2.75% senior notes due 2025 in an aggregate principal of £250 million, the proceeds of which were used to make prepayments to term loans maturing in 2022 and fully repay the borrowings under revolving credit facilities.

Subsequent to March 31, 2018, DXC entered into a senior unsecured term loan credit agreement maturing on May 10, 2019, in an aggregate principal amount of €400 million, the proceeds of which were used to repay the €400 million principal amount outstanding under the EUR term loan due May 12, 2018. The Company has excluded the EUR term loan maturing on May 12, 2018 from short-term debt and current maturities of long term debt.

Revolving Credit Facility

In connection with the HPES Merger, the Company entered into several amendments to its revolving credit facility agreement pursuant to which DXC replaced CSC as the principal borrower and as the guarantor of borrowings by subsidiary borrowers. As of March 31, 2018, DXC had no borrowings outstanding under the revolving credit facility.

Capital Lease and Financing Obligations

Capitalized lease liabilities represent obligations due under capital leases for the use of computers and other equipment. The gross amount of assets recorded under capital leases were $3.7 billion with accumulated amortization of $2.4 billion as of March 31, 2018, and $0.7 billion with accumulated amortization of $0.6 billion as of March 31, 2017. The future minimum lease payments required to be made under the capital leases as of March 31, 2018, are as follows:

Fiscal Year	(in millions)
2019	$ 829
2020	463
2021	214
2022	104
2023	29
Thereafter	—
Total minimum lease payments	1,639
Less: Amount representing interest and executory costs	(114)
Present value of net minimum lease payments	1,525
Less: Current maturities of capital lease obligations	(771)
Long-term capitalized lease liabilities	$ 754

Future Maturities of Long-term Debt

Expected maturities of long-term debt, including borrowings for asset financing but excluding minimum capital lease payments, for fiscal years subsequent to March 31, 2018, are as follows:

Fiscal Year	(in millions)
2019	$ 439
2020	1,229
2021	754
2022	1,302
2023	515
Thereafter	1,752
Total	$ 5,991

Note 13 - Pension and Other Benefit Plans

The Company offers a number of pension and 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 plans represent an insignificant portion of the Company's pension and other post-retirement benefit plans. As a result, the disclosures below include the Company's U.S. and non-U.S. pension plans on a global consolidated basis.

Eligible employees are enrolled in defined benefit pension plans in their country of domicile. The Contributory defined benefit pension plan in the United Kingdom represents the largest plan. In addition, healthcare, dental and life insurance benefits are also provided to certain non-U.S. employees. A significant number of employees outside the United States are covered by government sponsored programs at no direct cost to the Company other than related payroll taxes.

During fiscal 2018, the Company adopted amendments to certain U.K. pension plans which necessitated an interim remeasurement of the plans assets and liabilities as of December 1, 2017. The remeasurement resulted in a net gain of $17 million, comprising a curtailment gain of $40 million and an actuarial loss $23 million. The net gain was recognized within costs of services and selling, general and administrative.

The Company accrued $13 million, $1 million and $6 million, for fiscal 2018, 2017 and 2016, respectively, as additional contractual termination benefits for certain employees are part of the restructuring plans. These amounts are reflected in the projected benefit obligation and in the net periodic pension cost.

Projected Benefit Obligations

	As of	
(in millions)	March 31, 2018	March 31, 2017
Projected benefit obligation at beginning of year	$ 3,297	$ 2,879
Benefit obligation assumed as a result of the HPES merger	7,351	—
Service cost	121	23
Interest cost	249	82
Plan participants’ contributions	16	3
Amendments	(44)	—
Business/contract acquisitions/divestitures	69	313
Contractual termination benefits	13	1
Settlement/curtailment	(65)	(13)
Actuarial (gain) loss	(332)	413
Benefits paid	(447)	(120)
Foreign currency exchange rate changes	1,170	(283)
Other	(14)	(1)
Projected benefit obligation at end of year	$ 11,384	$ 3,297

The following table summarizes the weighted average rates used in the determination of the Company's benefit obligations:

	Fiscal Years Ended	
	March 31, 2018	March 31, 2017
Discount rate	2.5%	2.5%
Rates of increase in compensation levels	2.0%	2.2%

Fair Value of Plan Assets and Funded Status

	As of	
(in millions)	March 31, 2018	March 31, 2017
Fair value of plan assets at beginning of year	$ 2,998	$ 2,597
Assets assumed as a result of the HPES merger	7,411	—
Actual return on plan assets	371	483
Employer contribution	83	123
Plan participants' contributions	16	3
Benefits paid	(447)	(120)
Business/contract acquisitions/divestitures	(2)	199
Contractual termination benefits	4	6
Plan settlement	(22)	(13)
Foreign currency exchange rate changes	1,176	(279)
Other	(14)	(1)
Fair value of plan assets at end of year	$ 11,574	$ 2,998
Funded status at end of year	$ 190	$ (299)

During fiscal 2017, the Company, along with the Trustee of CSC Computer Sciences Ltd. Main Pension Scheme ("CSC UK Pension"), the Trustee of the Rebus Pension Scheme ("Xchanging UK Pension"), and a financial institution (the "Institution"), entered into a multi-party arrangement whereby the Company's corporate campus in Aldershot, U.K. (the "Property") was monetized for approximately $85 million in proceeds net of stamp duties paid. The Company concurrently contributed $85 million to the CSC UK Pension and Xchanging UK Pension plans as a special discretionary employer contribution. The transaction was executed by contributing the Property to a property limited partnership and all such LP interests were contributed to a Jersey Unit Trust owned 1% by the Company and 99% by the Institution.

Under the structured sale transaction, the Company entered into a 15-year master lease arrangement as master tenant, at approximately $4 million rent per year. Under U.S. GAAP, due to the continuing interest of the Company as master tenant, residual profit participation retained by the Company, Xchanging UK Pension and CSC UK Pension, and the Company's ownership of the general partner of the property limited partnership that owns the Property, the structured sale transaction resulted in accounting treatment as a financing transaction. As a consequence, the Property remains accounted for as an asset on the balance sheet of the Company at historical cost basis and accumulated depreciation thereon, with no gain or loss recorded. A corresponding $85 million liability was recorded as other long-term liabilities on the Company's balance sheet.

Selected Information

	As of	
(in millions)	March 31, 2018	March 31, 2017
Other assets	1,118	73
Accrued expenses and other current liabilities	(28)	(7)
Non-current pension obligations	(879)	(342)
Other long-term liabilities - OPEB	(21)	(23)
Net amount recorded	$ 190	$ (299)
Accumulated benefit obligation	$ 11,241	$ 3,262

	Benefit Plans with Projected Benefit Obligation in Excess of Plan Assets		Benefit Plans with Accumulated Benefit Obligation in Excess of Plan Assets	
(in millions)	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Projected benefit obligation	$ 2,488	$ 996	$ 2,250	$ 938
Accumulated benefit obligation	$ 2,363	$ 963	$ 2,162	$ 913
Fair value of plan assets	$ 1,552	$ 624	$ 1,338	$ 574

Net Periodic Pension Cost

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Service cost	$ 121	$ 23	$ 25
Interest cost	249	82	92
Expected return on assets	(534)	(161)	(179)
Amortization of transition obligation	1	1	1
Amortization of prior service costs	(18)	(17)	(19)
Contractual termination benefit	13	1	6
Settlement/curtailment gain	(42)	—	(2)
Recognition of actuarial (gain) loss	(178)	87	127
Net periodic pension (income) expense	$ (388)	$ 16	$ 51

Estimated prior service credit of $16 million will be amortized from AOCI into net periodic pension cost over the next fiscal year. The weighted-average rates used to determine net periodic pension cost were:

	Fiscal Years Ended		
	March 31, 2018	March 31, 2017	April 1, 2016
Discount or settlement rates	2.5%	3.1%	3.0%
Expected long-term rates of return on assets	4.9%	6.3%	6.3%
Rates of increase in compensation levels	2.7%	2.6%	2.8%

The following is a summary of amounts in AOCI, before tax effects:

	Fiscal Years Ended	
(in millions)	March 31, 2018	March 31, 2017
Prior service cost	(298)	(269)

Estimated Future Contributions and Benefits Payments

(in millions)	
Employer contributions:	
2019	$ 86
Benefit Payments:	
2019	$ 299
2020	$ 298
2021	$ 314
2022	$ 380
2023	$ 353
2024 and thereafter	$ 2,087

Fair Value of Plan Assets

The tables below set forth the fair value of plan assets by asset category within the fair value hierarchy:

		As of March 31, 2018			
(in millions)		Level 1	Level 2	Level 3	Total
Equity:					
	Global/International Equity commingled funds	$ 465	$ 1,978	$ —	$ 2,443
	Global equity mutual funds	8	333	—	341
	U.S./North American Equity commingled funds	3	46	—	49
Fixed Income:					
	U.S. Government funds	—	1	—	1
	Non-U.S. Government funds	2	54	—	56
	Fixed income commingled funds	3	6,092	—	6,095
	Fixed income mutual funds	3	—	—	3
Alternatives:					
	Other Alternatives [1]	4	1,228	874	2,106
	Hedge Funds[2]	—	2	—	2
Other Assets		—	—	3	3
Insurance contracts		—	160	10	170
Cash and cash equivalents		300	5	—	305
Totals		$ 788	$ 9,899	$ 887	$ 11,574

		As of March 31, 2017			
(in millions)		Level 1	Level 2	Level 3	Total
Equity:					
	Global/International Equity commingled funds	$ 1	$ 710	$ —	$ 711
	Global equity mutual funds	1	251	—	252
	U.S./North American Equity commingled funds	1	39	—	40
Fixed Income:					
	Non-U.S. Government funds	—	3	—	3
	Fixed income commingled funds	1	991	—	992
	Fixed income mutual funds	3	—	—	3
Alternatives:					
	Other Alternatives [1]	3	412	343	758
	Hedge Funds[2]	—	1	—	1
Insurance contracts		—	131	5	136
Cash equivalents		94	8	—	102
Totals		$ 104	$ 2,546	$ 348	$ 2,998

[1] Represents real estate and other commingled funds consisting mainly of equities, bonds, or commodities.
[2] Represents investments in diversified fund of hedge funds.

Changes in fair value measurements of level 3 investments for the defined benefit plans were as follows:

(in millions)	
Balance as of April 1, 2016	$ 315
Actual return on plan assets held at the reporting date	60
Purchases, sales and settlements	9
Changes due to exchange rates	(36)
Balance as of March 31, 2017	348
Actual return on plan assets held at the reporting date	34
Purchases, sales and settlements	443
Changes due to exchange rates	62
Balance as of March 31, 2018	$ 887

Domestic and global equity accounts are categorized as Level 1 if the securities trade on national or international exchanges and are valued at their last reported closing price. Equity assets in commingled funds reporting a net asset value are categorized as Level 2 and valued using broker dealer bids or quotes of securities with similar characteristics.

Fixed income accounts are categorized as Level 1 if traded on a publicly quoted exchange or as level 2 if investments in corporate bonds are primarily investment grade bonds, generally priced using model-based pricing methods that use observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used.

Alternative investment fund securities are categorized as Level 1 if held in a mutual fund or in a separate account structure and actively traded through a recognized exchange, or as Level 2 if they are held in commingled or collective account structures and are actively traded. Alternative investment fund securities are classified as Level 3 if they are held in Limited Company or Limited Partnership structures or cannot otherwise be classified as Level 1 or Level 2.

Other assets represent property holdings by certain pension plans. As above, the property holdings represent a master lease arrangement entered into by DXC UK and certain UK pension plans as a financing transaction.

Insurance contracts purchased to cover benefits payable to retirees are valued using the assumptions used to value the projected benefit obligation.

Cash equivalents that have quoted prices in active markets are classified as Level 1. Short-term money market commingled funds are categorized as Level 2 and valued at cost plus accrued interest which approximates fair value.

Plan Asset Allocations

	As of	
Asset Category	**March 31, 2018**	**March 31, 2017**
Equity securities	25%	33%
Debt securities	53%	33%
Alternatives	18%	25%
Cash and other	4%	9%
Total	100%	100%

Plan assets are held in a trust that includes commingled funds subject to country specific regulations and invested primarily in commingled funds. For the U.K. pension plans, the Company's largest pension plans by assets and projected liabilities, a target allocation by asset class was developed to achieve their long-term objectives. Asset allocations are monitored closely and investment reviews regarding asset strategy are conducted regularly with internal and external advisors.

The Company’s investment goals and risk management strategy for plan assets evaluates a number of factors, including the time horizon of the plans’ obligations. Plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification in order to reduce risk, yet produces a reasonable amount of return on investment over the long term. Sufficient liquidity is maintained to meet benefit obligations as they become due. Third party investment managers are employed to invest assets in both passively-indexed and actively-managed strategies. Equities are primarily invested broadly in domestic and foreign companies across market capitalizations and industries. Fixed income securities are invested broadly, primarily in government treasury, corporate credit, mortgage backed and asset backed investments. Alternative investment allocations are included in selected plans to achieve greater portfolio diversity intended to reduce the overall volatility risk of the plans.

Plan asset risks include longevity, inflation, and other changes in market conditions that could reduce the value of plan assets. Also, a decline in the yield of high quality corporate bonds may adversely affect discount rates resulting in an increase in DXC's pension and other post-retirement obligations. These risks, among others, could cause the plans’ funded status to deteriorate, resulting in an increased reliance on Company contributions. Derivatives are permitted although their current use is limited within traditional funds and broadly allowed within alternative funds. Derivatives are used for inflation risk management and within the liability driven investing strategy. The Company also has investments in insurance contracts to pay plan benefits in certain countries.

Return on Assets

The Company consults with internal and external advisors regarding the expected long-term rate of return on assets. The Company uses various sources in its approach to compute the expected long-term rate of return of the major asset classes expected in each of the plans. DXC utilizes long-term, asset class return assumptions of typically 30 years, which are provided by external advisors. Consideration is also given to the extent active management is employed in each asset class and also to management expenses. A single expected long-term rate of return is calculated for each plan by assessing the plan's expected asset allocation strategy, the benefits of diversification therefrom, historical excess returns from actively managed traditional investments, expected long-term returns for alternative investments and expected investment expenses. The resulting composite rate of return is reviewed by internal and external parties for reasonableness.

Retirement Plan Discount Rate

The U.K. discount rate is based on the yield curve approach using the U.K. Aon Hewitt GBP Single Agency AA Corporates-Only Curve.

Defined Contribution Plans

The Company sponsors defined contribution plans for substantially all U.S. employees and certain foreign employees. The plans allow employees to contribute a portion of their earnings in accordance with specified guidelines. Matching contributions are made annually in January to participants employed on December 31 of the prior year and vest in one year. However, if a participant retires from the Company or dies prior to December 31, the participant will be eligible to receive matching contributions approximately 30 days following separation from service. During fiscal 2018, 2017 and 2016, the Company contributed $245 million, $124 million and $132 million, respectively, to its defined contribution plans. As of March 31, 2018, plan assets included 4,184,335 shares of the Company’s common stock.

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 under the plan, which is included in Other long-term liabilities in the Company's balance sheets, amounted to $65 million as of March 31, 2018 and $67 million as of March 31, 2017. The Company’s expense under the Plan totaled $4 million, $5 million and $3 million, for fiscal 2018, 2017 and 2016, respectively.

Note 14 - Stockholders' Equity

Description of Capital Stock

The Company has authorized share capital consisting of 750,000,000 shares of common stock, par value $0.01 per share, and 1,000,000 shares of preferred stock, par value $0.01 per share.

Each share of common stock is equal in all respects to every other share of common stock of the Company. Each share of common stock is entitled to one vote per share at each annual or special meeting of stockholders for the election of directors and upon any other matter coming before such meeting. Subject to all the rights of the preferred stock, dividends may be paid to holders of common stock as and when declared by the Board of Directors.

The Company's charter requires that preferred stock must be all of one class but may be issued from time to time in one or more series, each of such series to have such full or limited voting powers, if any, and such designations, preferences and relative, participating, optional or other special rights or qualifications, limitations or restrictions as provided in a resolution adopted by the Board of Directors. Each share of preferred stock will rank on a parity with each other share of preferred stock, regardless of series, with respect to the payment of dividends at the respectively designated rates and with respect to the distribution of capital assets according to the amounts to which the shares of the respective series are entitled.

Share Repurchase Program

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

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.

Shares repurchased, through both open market purchases and accelerated share repurchase ("ASR") arrangements, are shown below:

Fiscal Year	Number of shares repurchased	Average Price Per Share	Amount (In millions)
2018			
Open market purchases	1,537,782	$89.41	$ 137
2016			
Open market purchases	3,587,224	$48.28	$ 173
ASR [1]	162,908	$0.00	—
Total	3,750,132	$46.18	$ 173

[1] *Reflects shares received during fiscal 2016 as settlement of a fiscal 2015 ASR arrangement.*

Treasury Stock Transactions

In fiscal 2018, 2017 and 2016 the Company accepted 332,558, 72,231 and 48,416 shares of its common stock, respectively, in lieu of cash in connection with the exercise of stock options. In fiscal 2018, 2017 and 2016, the Company accepted 684,389, 195,201 and 716,999 shares of its common stock, respectively, in lieu of cash in connection with the tax withholdings associated with the release of common stock upon vesting of restricted stock and RSUs. As a result, the Company holds 1,016,947 treasury shares as of March 31, 2018. Treasury shares held before the HPES Merger were extinguished in connection with the HPES Merger.

Dividends

	Dividends Declared		
(in millions, except per share amounts)	Per Common Share	Total	Unpaid at Fiscal Year End
Fiscal 2018	$ 0.72	$ 209	$ 51
Fiscal 2017	$ 0.56	$ 80	$ 20
Fiscal 2016[1]	$ 2.99	$ 421	$ 19

[1] *In connection with the NPS Separation (see Note 3 - "Divestitures"), CSC paid a special cash dividend on November 30, 2015 of $2.25 per share. Payment of the special dividend was made to holders of common stock on the Record Date who received shares of CSRA common stock in the distribution.*

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 Income (Loss)
Balance at April 3, 2015	$ (316)	$ (2)	$ —	$ 339	$ 21
Current-period other comprehensive (loss) income	(83)	1	—	1	(81)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	—	(20)	(20)
Transfer to CSRA	—	—	—	(31)	(31)
Balance at April 1, 2016	$ (399)	$ (1)	$ —	$ 289	$ (111)
Current-period other comprehensive (loss) income	(59)	21	—	(2)	(40)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	—	(11)	(11)
Balance at March 31, 2017	$ (458)	$ 20	$ —	$ 276	$ (162)
Current-period other comprehensive (loss) income	197	(11)	9	—	195
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	—	—	25	25
Balance at March 31, 2018	$ (261)	$ 9	$ 9	$ 301	$ 58

Note 15 - Stock Incentive Plans

Employee Incentives

As a result of the HPES Merger, all outstanding CSC awards of stock options, stock appreciation rights, restricted stock units ("CSC RSUs"), including performance-based restricted stock units, relating to CSC common stock granted under the 2011 Omnibus Incentive Plan, the 2007 Employee Incentive Plan and the 2010 Non-Employee Director Incentive Plan (the “CSC Equity Incentive Plans”) held by CSC employees and non-employee directors were converted into an adjusted award relating to DXC common shares subject to the same terms and conditions after the HPES Merger as the terms and conditions applicable to such awards prior to the HPES Merger.

Under the terms of the CSC Equity Incentive Plans and the individual award agreements, all unvested equity incentive awards, including all stock options and CSC RSUs held by all participants under the plans, including its named executive officers and directors, are subject to accelerated vesting in whole or in part upon the occurrence of a change in control or upon the participant’s termination of employment on or after the occurrence of a change in control under certain circumstances ("CIC events"). As a result of CIC events triggered by the HPES Merger, approximately 3.6 million of unvested awards vested on April 1, 2017, and as a result, $26 million of incremental stock compensation expense was recognized. CSC options granted in fiscal 2017 vested 33% upon the HPES Merger and the remaining 67% were converted into DXC RSUs based on the accounting value of the options. These RSUs will vest on the second and third anniversaries of the original option grant date. For equity incentive awards granted by HPE under HPE equity incentive plans to HPES employees prior to the HPES Merger, outstanding options (vested and unvested) and unvested RSU awards were converted upon the HPES Merger into economically equivalent DXC option and RSU awards, with terms and conditions substantially the same as the terms of such awards prior to the HPES Merger.

In March 2017, prior to the HPES Merger, the board of directors and shareholders of HPES approved DXC’s 2017 Omnibus Incentive Plan (the “DXC Employee Equity Plan”), DXC’s 2017 Non-Employee Director Incentive Plan (the “DXC Director Equity Plan”) and DXC’s 2017 Share Purchase Plan (“DXC Share Purchase Plan”). The terms of the DXC Employee Equity Plan and DXC Director Equity Plans are substantially similar to the terms of the CSC Equity Incentive Plans. The former allows DXC to grant stock options (including incentive stock options), stock appreciation rights, restricted stock, RSUs and PSUs, and cash awards intended to qualify for the performance-based compensation exemption to the $1 million deduction limit under Section 162(m) of the Internal Revenue Code (collectively the "Awards"). Awards are typically subject to vesting over the 3-year period following the grant date. Vested stock options are generally exercisable for a term of 10 years from the grant date. All of DXC’s employees are eligible for awards under the plan. The Company issues authorized but previously unissued shares upon the granting of stock options and the settlement of RSUs and PSUs.

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.

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 1,474 shares purchased under this plan during fiscal 2018.

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 March 31, 2018	
	Reserved for issuance	Available for future grants
DXC Employee Equity Plan	34,200,000	22,302,423
DXC Director Equity Plan	230,000	123,634
DXC Share Purchase Plan	250,000	248,526
Total	34,680,000	22,674,583

The Company recognized share-based compensation expense for fiscal 2018, 2017 and 2016 as follows:

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Total share-based compensation cost	$ 93	$ 75	$ 46
Related income tax benefit	$ 21	$ 25	$ 17
Total intrinsic value of options exercised	$ 136	$ 73	$ 46
Tax benefits from exercised stock options and awards	$ 84	$ 34	$ 62

The Company uses the Black-Scholes-Merton model in determining the fair value of stock options granted. The weighted average fair values of stock options granted during fiscal 2017 and 2016 were $13.00 and $9.00 per share, respectively. There were no stock options granted during fiscal 2018. In calculating the compensation expense for its stock incentive plans, the Company used the following weighted average assumptions:

	Fiscal Years Ended	
	March 31, 2017	April 1, 2016
Risk-free interest rate	1.60%	1.81%
Expected volatility	29%	31%
Expected term (in years)	6.09	6.23
Dividend yield	1.56%	1.39%

As a result of the NPS Separation in the third quarter fiscal 2016, most stock awards issued by the Company were modified, including acceleration of vesting of certain awards and the issuance of new CSRA awards under the basket method, whereby awards granted prior to fiscal 2016 in CSC equity were converted into two awards: an award in an adjusted CSC equity award and a CSRA equity award. In the case of stock options, the number of options and the exercise price were adjusted for the impact of the Separation. The conversions were structured to generally preserve the intrinsic value of the awards immediately prior to the Separation. There was no incremental stock compensation expense recognized as a result of the modification of the awards.

Stock Options

The Company’s stock options vest one-third annually on each of the first three anniversaries of the grant date. Stock options are generally granted for a term of ten years. Information concerning stock options granted under stock incentive plans was as follows:

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding as of April 3, 2015	5,556,309	$ 46.08	5.93	$ 107
Granted	1,052,129	$ 30.70		
Issued due to NPS Separation modification	1,614,465	$ 28.40		
Exercised	(2,372,109)	$ 19.27		$ 46
Canceled/Forfeited	(434,578)	$ 28.59		
Expired	(49,595)	$ 20.87		
Outstanding as of April 1, 2016	5,366,621	$ 24.83	7.06	$ 51
Granted	2,450,976	$ 50.91		
Exercised	(2,544,955)	$ 21.84		$ 73
Canceled/Forfeited	(448,505)	$ 36.94		
Expired	(56,741)	$ 14.36		
Outstanding as of March 31, 2017	4,767,396	$ 38.70	8.01	$ 145
Granted	—	$ —		
HPE options converted to DXC options at HPES Merger	2,654,970	$ 46.56		
CSC options converted to RSUs due to HPES Merger	(1,521,519)	$ 51.00		
Exercised	(2,916,045)	$ 40.39		$ 136
Canceled/Forfeited	(14,890)	$ 69.52		
Expired	(36,411)	$ 36.69		
Outstanding as of March 31, 2018	2,933,501	$ 37.62	5.24	$ 185
Vested and expected to vest in the future as of March 31, 2018	2,930,263	$ 37.60	5.24	$ 184
Exercisable as of March 31, 2018	2,905,801	$ 37.43	5.23	$ 183

	As of March 31, 2018				
	Options Outstanding			Options Exercisable	
Range of Option Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Number Exercisable	Weighted Average Exercise Price
$10.35 - $29.70	748,574	$ 21.74	4.05	748,574	$ 21.74
$30.31 - $48.46	1,421,166	$ 36.57	5.33	1,421,166	$ 36.57
$49.24 - 86.17	763,761	$ 55.13	6.26	736,061	$ 55.03
	2,933,501			2,905,801	

The total fair value of stock options vested during fiscal 2018, 2017 and 2016 was $22 million, $8 million and $13 million, respectively. The cash received from stock options exercised during fiscal 2018, 2017 and 2016 was $98 million, $54 million and $82 million, respectively.

As of March 31, 2018, there was $1 million of unrecognized compensation expense related to unvested stock options, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 2.18 years.

Restricted Stock Units

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 three 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 accelerated vesting of 25% of the shares granted after each of the first and second fiscal years if certain of the Company's performance targets are met early, and are subject to final vesting based on the participant's continued employment through the end of the three-year performance period. Compensation expense during the performance period is estimated at each reporting date using management's expectation of the probable achievement of the specified performance criteria and is adjusted to the extent the expected achievement changes. In the table below, such awards are reflected at the number of shares originally granted.

Information concerning RSUs (including PSUs) granted under the stock incentive plans, was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of April 3, 2015	2,579,675	$ 48.70
Granted	3,234,197	$ 27.97
Issued due to NPS Separation modification	419,160	$ 29.95
Settled	(1,783,664)	$ 28.87
Canceled/Forfeited	(851,369)	$ 40.97
Outstanding as of April 1, 2016	3,597,999	$ 29.25
Granted	1,150,185	$ 47.70
Settled	(602,467)	$ 27.29
Canceled/Forfeited	(434,732)	$ 32.86
Outstanding as of March 31, 2017	3,710,985	$ 34.86
Granted	1,828,667	$ 82.34
HPE RSUs converted to DXC RSUs due to HPES Merger	95,816	$ 69.34
Options converted to RSUs due to HPES Merger	609,416	$ 32.58
Settled	(1,934,446)	$ 35.93
Canceled/Forfeited	(324,822)	$ 59.34
Outstanding as of March 31, 2018	3,985,616	$ 54.61

As of March 31, 2018, there was $136 million of unrecognized compensation expense related to unvested RSUs and PSUs, net of expected forfeitures. The cost is expected to be recognized over a weighted-average period of 2 years.

Non-employee Director Incentives

The Company has one stock incentive plan which authorizes the issuance of stock options, restricted stock and other share-based incentives to non-employee directors upon terms approved by the Company's Board of Directors. As of March 31, 2018, 123,634 shares of DXC common stock remained available for the grant of future RSUs or other share-based incentives to nonemployee directors.

RSU awards to non-employee directors are granted at a price of $0. For RSU awards granted in fiscal 2014 and thereafter, RSUs vest and settle at the earlier of (i) the one-year anniversary of the grant date, or (ii) the date of the Company's first Annual Meeting of the Stockholders held after the grant date. Alternatively, settlement of the RSU may be deferred per election of the non-employee director. For awards granted in fiscal 2013 and prior, vested RSUs were automatically settled for shares of DXC common stock and dividend equivalents when the non-employee director ceases to be a director of the Company. At the holder's election, the RSUs may be settled (i) in their entirety, upon the day the holder ceases to be a director, or (ii) in substantially equal amounts upon the first five, ten or fifteen anniversaries of such termination of service.

Information concerning RSUs granted to non-employee directors was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of April 3, 2015	143,986	$ 30.02
Granted	65,188	$ 31.75
Settled	(107,878)	$ 33.11
Canceled/Forfeited	(12,250)	$ 33.96
Outstanding as of April 1, 2016	89,046	$ 27.00
Granted	33,600	$ 47.35
Settled	(32,080)	$ 28.58
Canceled/Forfeited	(4,800)	$ 30.31
Outstanding as of March 31, 2017	85,766	$ 34.19
Granted	22,900	$ 84.40
Settled	(39,980)	$ 45.25
Canceled/Forfeited	(2,300)	$ 85.35
Outstanding as of March 31, 2018	66,386	$ 43.08

Note 16 - Cash Flows

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

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Cash paid for:			
Interest	$ 288	$ 103	$ 124
Taxes on income, net of refunds	$ 376	$ 63	$ 65
Non-cash activities:			
Operating:			
Prepaid assets acquired under long-term financing	$ 209	$ —	$ —
Investing:			
Capital expenditures in accounts payable and accrued expenses	$ 46	$ 43	$ 42
Capital expenditures through capital lease obligations	$ 664	$ 52	$ 47
Assets acquired under long-term financing	$ 238	$ 87	$ 1
Financing:			
Dividends declared but not yet paid	$ 51	$ 20	$ 19
Stock issued for the acquisition of HPES	$ 9,850	$ —	$ —

Settlement of SEC Investigation

During fiscal 2016, CSC's previously disclosed agreed-upon settlement with the SEC was formally approved by the SEC. The settlement became effective on June 5, 2015 and the Company paid a penalty of $190 million on June 11, 2015. The penalty is reflected within net cash provided by operating activities in the statement of cash flows for the fiscal year ended April 1, 2016.

Note 17 - Other Income/ Expense, Net

The following table summarizes components of other income, net:

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Foreign currency gain	$ (71)	$ (8)	$ (1)
Other gain	(11)	(2)	(8)
Totals	$ (82)	$ (10)	$ (9)

Foreign currency gain resulted from the movement of foreign currency exchange rates on the Company's foreign currency denominated assets and liabilities, related hedges including options to manage its exposure to economic risk and the cost of the Company's hedging program. Other gain during fiscal 2018 consists of investment income and during fiscal 2016 primarily included a $6 million gain on sale of certain assets.

Note 18 - Segment and Geographic 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 HPES Merger, the HPES legacy reportable segments were combined with GBS and GIS, and the HPES U.S. public sector business, USPS, is now a separate operating segment. DXC's operating segments are the same as its reportable segments: GBS, GIS, and USPS. In addition, DXC management changed its primary segment performance measure to segment profit from the previously used consolidated segment operating income. Prior periods presented have been restated to reflect this change. The accounting policies of the reportable segments are the same as those described in Note 1 - "Summary of Significant Accounting Policies."

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.

United States Public Sector

USPS delivers IT services and business solutions to all levels of government in the United States. USPS’s enterprise-based offerings and solutions for its U.S. government customers include:

- *Cloud, Platform and IT Outsourcing ("ITO Services").* Through USPS's cloud, platform and ITO solutions, USPS is able to help its public sector clients transform to hybrid infrastructure and bridge private and public cloud environments into their legacy infrastructure.
- *Enterprise and Cloud Applications.* USPS's applications services and program excellence solutions for its U.S. government customers covers four areas: application modernization and transformation; application development; testing and digital assurance; and application management.
- *Enterprise Security*. USPS's enterprise security solutions include building security infrastructures into the fabric of U.S. government agencies’ digital enterprises.
- *Mobility and Workplace*. USPS offers, through three primary focus areas, a full range of services for converged mobility and workplace management: (i) Mobile Enterprise Services allows clients to manage their mobile environment as a service with solutions for procurement, provisioning, refresh, proactive Enterprise Mobility Management (“EMM”), hardware and software support, security, and business usage analytics; (ii) Virtual Desktop and Application Services untethers data and desktop applications from physical user devices to give workforces and partners secure access to desktops, applications, and data from any device, anywhere; and (iii) Workplace Device Services transforms traditional workplace environments to deliver a comprehensive, secure, flexible and configurable environment that provides lightweight management of desktops, laptops and mobile.
- *Analytics*. USPS offers a complete portfolio of analytics services such as analytics platforms, information governance, artificial intelligence and advisory services, to rapidly provide insights and accelerate its public sector customers’ digital transformation.

On October 11, 2017, DXC announced its plan to spin off its USPS business. See Note 1 - "Summary of Significant Accounting Policies."

Segment Measures

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

(in millions)	GBS	GIS	USPS	Total Reportable Segments	All Other	Totals
Fiscal Year Ended March 31, 2018						
Revenues	$ 9,254	$ 12,479	$ 2,823	$ 24,556	$ —	$ 24,556
Segment Profit	$ 1,563	$ 1,699	$ 417	$ 3,679	$ (180)	$ 3,499
Depreciation and amortization [1]	$ 99	$ 1,082	$ 99	$ 1,280	$ 93	$ 1,373
Fiscal Year Ended March 31, 2017						
Revenues	$ 4,173	$ 3,434	$ —	$ 7,607	$ —	$ 7,607
Segment Profit	$ 492	$ 306	$ —	$ 798	$ (180)	$ 618
Depreciation and amortization [1]	$ 107	$ 399	$ —	$ 506	$ 64	$ 570
Fiscal Year Ended April 1, 2016						
Revenues	$ 3,637	$ 3,469	$ —	$ 7,106	$ —	$ 7,106
Segment Profit	$ 417	$ 239	$ —	$ 656	$ (251)	$ 405
Depreciation and amortization [1]	$ 124	$ 491	$ —	$ 615	$ 43	$ 658

[1] *Depreciation and amortization as presented excludes amortization of acquired intangible assets of $591 million, $77 million, and $0 million for fiscal 2018, 2017, and 2016, respectively.*

Reconciliation of Reportable Segment Profit to Consolidation

The Company's management uses segment profit as the measure for assessing performance of its segments. Segment profit is defined as segment revenues less segment cost of services, selling, general and administrative, and depreciation and amortization (excluding amortization of acquired intangible assets). 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 and integration-related costs, amortization of acquired intangible assets and debt extinguishment costs.

	Fiscal Years Ended		
(in millions)	March 31, 2018	March 31, 2017	April 1, 2016
Profit			
Total profit for reportable segments	$ 3,679	$ 798	$ 656
All other loss	(180)	(180)	(251)
Interest income	89	35	38
Interest expense	(335)	(117)	(123)
Restructuring costs	(803)	(238)	(23)
Pension and OPEB actuarial and settlement gains	220	(87)	(99)
Amortization of acquired intangible assets	(591)	(77)	—
Transaction and integration-related costs	(408)	(308)	(93)
Debt extinguishment costs	—	—	(95)
Income (loss) from continuing operations, before taxes	$ 1,671	$ (174)	$ 10

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.

Revenues by country are based on the location of the selling business unit. Property and equipment and total assets information is based on the physical location of the assets. Geographic revenues, property and equipment and total assets were as follows:

	Fiscal Year Ended March 31, 2018					
(in millions)	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 10,838	$ 3,392	$ 1,694	$ 5,409	$ 3,223	$ 24,556
Property and Equipment, net	$ 1,553	$ 535	$ 191	$ 465	$ 902	$ 3,646
Total Assets	$ 16,986	$ 9,756	$ 591	$ 4,726	$ 1,862	$ 33,921

	Fiscal Year Ended March 31, 2017					
	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 2,986	$ 1,482	$ 921	$ 1,594	$ 624	$ 7,607
Property and Equipment, net	$ 389	$ 235	$ 58	$ 134	$ 87	$ 903
Total Assets	$ 4,925	$ 1,019	$ 978	$ 358	$ 1,383	$ 8,663

	Fiscal Year Ended April 1, 2016					
	United States	United Kingdom	Australia	Other Europe	Other International	Total
Revenues	$ 3,057	$ 1,570	$ 483	$ 1,474	$ 522	$ 7,106
Property and Equipment, net	$ 466	$ 244	$ 63	$ 157	$ 95	$ 1,025
Total Assets	$ 3,330	$ 1,053	$ 703	$ 1,580	$ 1,070	$ 7,736

No single customer exceeded 10% of the Company’s revenues during fiscal 2018, fiscal 2017 or fiscal 2016.

Note 19 - Restructuring Costs

The Company recorded restructuring costs, net of reversals, of $803 million, $238 million and $23 million for fiscal 2018, 2017 and 2016, respectively. The costs recorded during fiscal 2018 were largely the result of implementing the Fiscal 2018 Plan, as described below.

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

	As of	
(in millions)	March 31, 2018	March 31, 2017
Accrued expenses and other current liabilities	$ 371	$ 171
Other long-term liabilities	156	6
Total	$ 527	$ 177

Summary of Restructuring Plans

Fiscal 2018 Plan

In June 2017, management approved a post-HPES Merger restructuring plan to optimize the Company's operations in response to a continuing business contraction (the "Fiscal 2018 Plan"). The additional restructuring initiatives are intended to reduce the company's core structure and related operating costs, improve its competitiveness, and facilitate the achievement of acceptable and sustainable profitability. 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.

Fiscal 2017 Plan

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"). Total costs incurred to date under the Fiscal 2017 Plan total $216 million, comprising $207 million in employee severance and $9 million of facilities costs.

Fiscal 2016 Plan

In September 2015, the Company initiated a restructuring plan to optimize utilization of facilities and right-size overhead organizations as a result of CSC's separation of its former NPS segment (the "Fiscal 2016 Plan"). No additional costs are expected to be expensed under this plan. Total costs incurred to date under the Fiscal 2016 Plan total $57 million, comprising $24 million in employee severance and $33 million of facilities costs.

Fiscal 2015 Plan

In June 2014, the Company initiated a restructuring plan to optimize the workforce in high cost markets, particularly in Europe, address the Company's labor pyramid and right shore its labor mix (the "Fiscal 2015 Plan"). No additional costs are expected to be expensed under this plan. Total costs incurred to date under the Fiscal 2015 Plan total $228 million, comprising $220 million in employee severance and $8 million of facilities costs.

Acquired Restructuring Liabilities

As a result of the HPES Merger, DXC acquired restructuring liabilities under restructuring plans that were initiated for HPES under plans approved by the HPE Board of Directors.

Restructuring activities, summarized by plan year, were as follows:

	Restructuring Liability as of March 31, 2017	Acquired Balance as of April 1, 2017	Costs Expensed, Net of Reversals[1]	Costs Not Affecting Restructuring Liability[2]	Cash Paid	Other[3]	Restructuring Liability as of March 31, 2018
Fiscal 2018 Plans							
Workforce Reductions	$ —	n/a	$ 626	$ (10)	$ (368)	$ 10	$ 258
Facilities Costs	—	n/a	214	(4)	(108)	2	104
Total	$ —	n/a	$ 840	$ (14)	$ (476)	$ 12	$ 362
Fiscal 2017 Plan							
Workforce Reductions	$ 155	n/a	$ (32)	$ (2)	$ (112)	$ 10	$ 19
Facilities Costs	6	n/a	—	—	(5)	2	3
Total	$ 161	n/a	$ (32)	$ (2)	$ (117)	$ 12	$ 22
Fiscal 2016 Plan							
Workforce Reductions	$ 8	n/a	$ (2)	$ 1	$ (4)	$ —	$ 3
Facilities Costs	5	n/a	—	—	(3)	—	2
Total	$ 13	n/a	$ (2)	$ 1	$ (7)	$ —	$ 5
Fiscal 2015 Plan							
Workforce Reductions	$ 3	n/a	$ —	$ —	$ (2)	$ —	$ 1
Facilities Costs	—	n/a	—	—	—	—	—
Total	$ 3	n/a	$ —	$ —	$ (2)	$ —	$ 1
Acquired Liabilities							
Workforce Reductions	n/a	$ 256	$ —	$ (2)	$ (153)	$ 9	$ 110
Facilities Costs	n/a	70	(3)	(3)	(37)	—	27
Total	n/a	$ 326	$ (3)	$ (5)	$ (190)	$ 9	$ 137

[1] *Costs expensed, net of reversals include $34 million, $3 million, and $3 million of costs reversed from the Fiscal 2017 Plan, Fiscal 2016 Plan and Acquired liabilities, respectively.*

[2] *Pension benefit augmentations recorded as a pension liability and asset impairment.*

[3] *Foreign currency translation adjustments.*

	Restructuring Liability as of April 1, 2016	Costs Expensed, Net of Reversals[1]	Costs Not Affecting Restructuring Liability[2]	Cash Paid	Other[3]	Restructuring Liability as of March 31, 2017
Fiscal 2017 Plan						
Workforce Reductions	$ —	$ 239	$ (6)	$ (79)	$ 1	$ 155
Facilities Costs	—	9	—	(3)	—	6
Total	$ —	$ 248	$ (6)	$ (82)	$ 1	$ 161
Fiscal 2016 Plan						
Workforce Reductions	$ 29	$ (3)	$ —	$ (17)	$ (1)	$ 8
Facilities Costs	30	(4)	—	(20)	(1)	5
Total	$ 59	$ (7)	$ —	$ (37)	$ (2)	$ 13
Fiscal 2015 Plan						
Workforce Reductions	$ 29	$ (3)	$ —	$ (22)	$ (1)	$ 3
Facilities Costs	—	—	—	—	—	—
Total	$ 29	$ (3)	$ —	$ (22)	$ (1)	$ 3

[1] *Costs expensed, net of reversals include $7 million and $3 million of costs reversed from the Fiscal 2016 Plan and Fiscal 2015 Plan, respectively.*
[2] *Pension benefit augmentations recorded as a pension liability.*
[3] *Foreign currency translation adjustments.*

Note 20 - Commitments and Contingencies

Commitments

The Company has operating leases for the use of certain real estate and equipment. Substantially all operating leases are non-cancelable or cancelable only through payment of penalties. Lease payments are typically based upon the period of the lease but may include payments for insurance, maintenance and property taxes. There are no purchase options on operating leases at favorable terms. Most real estate leases have one or more renewal options. Certain leases on real estate are subject to annual escalations for increases in utilities and property taxes. Lease rental expense amounted to $841 million, $146 million and $152 million, for the fiscal years ended March 31, 2018, March 31, 2017 and April 1, 2016, respectively.

Minimum fixed rentals required for the next five years and thereafter under operating leases in effect at March 31, 2018, were as follows:

Fiscal year (in millions)	**Real Estate**	**Equipment**
2019	$ 374	$ 331
2020	281	242
2021	225	80
2022	234	7
2023	146	1
Thereafter	763	—
Minimum fixed rentals	2,023	661
Less: Sublease rental income	(187)	—
Totals	$ 1,836	$ 661

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 March 31, 2018 were as follows:

Fiscal year (in millions)	**Minimum Purchase Commitment** [(1)]
2019	$ 1,946
2020	1,913
2021	390
2022	237
2023	202
Thereafter	54
Total	$ 4,742

[(1)] *A significant portion of the minimum purchase commitments in fiscal 2019 and 2020 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 March 31, 2018:

(in millions)	Fiscal 2019	Fiscal 2020	Fiscal 2021 and Thereafter	Totals
Surety bonds	$ 308	$ 19	$ 18	$ 345
Letters of credit	170	41	313	524
Stand-by letters of credit	13	16	7	36
Totals	$ 491	$ 76	$ 338	$ 905

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. This action arose out of 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"), a federal program that provides services for infants and toddlers with manifest or potential developmental delays, 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 New York Attorney General's complaint also alleges that New York City and CSC failed to reimburse Medicaid in certain instances where insurance had paid a portion of the claim. The lawsuits seek treble statutory damages, other civil penalties and attorneys' fees and costs.

On January 26, 2015, CSC and the City of New York moved to dismiss Forcier's amended *qui tam* complaint as well as the federal and state complaints-in-intervention. 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 denied the motions to dismiss with respect to the federal and state claims relating to (i) submission of insurance claims with a code signifying that the patient's policy ID was unknown, and (ii) submission of claims to Medicaid after the statutory deadline for payment by private insurance had passed, and state common law claims. In accordance with the ruling, the United States and the State of New York each filed amended complaints-in-intervention on September 6, 2016. In addition to reasserting the claims upheld by the Court, the amended complaints assert new claims alleging that the compensation provisions of CSC's contract with New York City rendered it ineligible to serve as a billing agent under state law.

On November 9, 2016, CSC filed motions to dismiss the amended complaints in their entirety. On August 10, 2017, the Court granted in part and denied in part the motions to dismiss, allowing the remaining causes of action to proceed. On January 9, 2018, the Company answered the complaints, and asserted a counterclaim against the State of New York on a theory of contribution and indemnification. On January 30, 2018, the State of New York filed a motion to dismiss the Company's counterclaim. The motion is fully briefed and under consideration by the Court. The Parties participated in a non-binding mediation on November 29, 2017, and settlement discussions are continuing. Commencement of discovery has been deferred by the parties pending settlement negotiations. The Company believes that these claims are without merit and intends to continue to defend itself vigorously.

Washington, DC Navy Yard Litigation: In December 2013, a wrongful death action was filed in U.S. District Court for the Middle District of Florida against HP Enterprise Services, LLC, now known as Enterprise Services, LLC ("ES") and others in connection with the September 2013 Washington, DC Navy Yard shooting that resulted in the deaths of 12 individuals. The perpetrator was an employee of The Experts, ES's now terminated subcontractor on ES's IT services contract with the U.S. Navy (a contract served by USPS). A total of 15 lawsuits arising out of the shooting have been filed. All have been consolidated in the U.S. District Court for the District of Columbia. ES filed motions to dismiss, which the Court has granted in part and denied in part. Fact discovery is closed. The parties are exploring settlement avenues.

Strauch Fair Labor Standards Act Collective Action: On July 1, 2014, plaintiffs Joseph Strauch, Timothy Colby, Charles Turner, and Vernon Carre 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 allege similar state-law Rule 23 class claims pursuant to Connecticut and California statutes, including the Connecticut Minimum Wage Act, the California Unfair Competition Law, California Labor Code, California Wage Order No. 4-2001 and the California Private Attorneys General Act. Plaintiffs claim double overtime damages, liquidated damages, pre- and post-judgment interest, civil penalties, and other state-specific remedies.

In 2015 the Court entered an order granting conditional certification under the FLSA of the collective of over 4,000 system administrators, and notice of the right to participate in the FLSA collective action was mailed to the system administrators. Approximately 1,000 system administrators, prior to the announced deadline, filed consents with the Court to participate in the FLSA collective.

On June 30, 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. On July 14, 2017, the Company petitioned the Second Circuit Court of Appeals for permission to file an appeal of the Rule 23 decision. That petition was denied on November 21, 2017.

As a result of the Court's findings in its Rule 23 certification order, the parties entered into a stipulation to decertify the senior professional system administrators from the FLSA collective. On August 2, 2017, the Court approved the stipulation, and the FLSA collective action is currently made up of approximately 700 individuals who held the title of associate professional or professional system administrator.

A jury trial commenced on December 11, 2017. On December 20, 2017, the jury returned a verdict in favor of plaintiffs, finding that the Company had misclassified the class of employees as exempt under federal and state laws, and finding that it had done so willfully. The Court will determine damages and address post-trial motions in further proceedings. The Company disagrees with the verdict and intends to continue to defend itself vigorously, including by appealing the verdict and the final judgment of the Court.

Computer Sciences Corporation v. Eric Pulier, et al.: On May 12, 2015, CSC and its wholly owned subsidiary, ServiceMesh Inc. ("SMI"), filed a civil complaint in the Court of Chancery of the State of Delaware against Eric Pulier, the former CEO of SMI, which had been acquired by CSC on November 15, 2013. Following the acquisition, Mr. Pulier signed a retention agreement with SMI pursuant to which he received a grant of restricted stock units of CSC and agreed to be bound by CSC's rules and policies, including CSC's Code of Business Conduct. Mr. Pulier resigned from SMI on April 22, 2015 amid allegations that he had engaged in fraudulent transactions with two employees of the Commonwealth Bank of Australia Ltd. ("CBA"). The original complaint against Mr. Pulier asserted claims for fraud, breach of contract and breach of fiduciary duty. In an amended complaint, CSC named TechAdvisors, LLC and Shareholder Representative Services LLC ("SRS") as additional defendants. In ruling on a motion to dismiss filed by Mr. Pulier, 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. With the exception of the claim for breach of his retention agreement, the Court dismissed in whole or in part each of Mr. Pulier's counterclaims.

On December 17, 2015, CSC entered into a settlement agreement with the majority of the former equityholders of SMI, as well as with SRS acting in its capacity as the agent and attorney-in-fact for the settling equityholders. Pursuant to the settlement agreement, CSC received $16.5 million, which amount was equal to the settling equityholders' pro rata share of the funds remaining in escrow from the transaction, which was recorded as an offset to selling, general and administrative costs in CSC's statements of operations for the fiscal year ended March 31, 2016. On February 20, 2017, CSC, SRS and the former equityholders of SMI who remain named defendants entered into a partial settlement agreement by which CSC received payment of some of the funds remaining in escrow.

On July 20, 2017, the Court granted a motion by the United States for a 90-day stay of discovery pending the completion of a criminal investigation. On September 27, 2017, a grand jury empaneled by the United States District Court for the Central District of California returned an indictment against 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 Court granted on November 3, 2017. The civil action is now stayed pending resolution of the criminal case.

Law enforcement officials in Australia have brought bribery-related charges against the two former CBA employees. One of these has since pled guilty, and in 2016 received a sentence of imprisonment. In 2016, the United States Attorney's Office for the Central District of California announced similar criminal charges against this same CBA employee for securities fraud and wire fraud. In April 2018 the other former CBA employee was committed to stand trial in the Australian criminal courts. The Company is cooperating with and assisting the Australian and U.S. authorities in their investigations.

On February 17, 2016, Mr. Pulier filed a complaint in Delaware Chancery Court against CSC and its subsidiary - CSC Agility Platform, Inc., formerly known as SMI - seeking advancement of his legal fees and costs. On May 12, 2016, 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 underlying civil action. Mr. Pulier has also filed a complaint for advancement of the legal fees and costs incurred in connection with his defense of criminal investigations by the U.S. Government and other entities. On March 30, 2017, Mr. Pulier filed a motion for judgment on the pleadings in this fee advancement matter. Mr. Pulier's motion for judgment on the pleadings and other advancement-related issues were argued before the Court on August 2, 2017, and, on August 7, 2017, the Court ruled substantially in Mr. Pulier's favor. On January 30, 2018, the Court reduced the Company's advancement obligation to only 80% of the criminal defense fees and costs sought by Mr. Pulier. In undertakings previously provided to SMI, Mr. Pulier agreed to repay all amounts advanced to him if it should ultimately be determined that he is not entitled to indemnification.

Cisco Systems Inc. and Cisco Systems Capital Corporation v. Hewlett-Packard Co.: On August 24, 2015, Cisco Systems, Inc. ("Cisco") and Cisco Systems Capital Corporation ("Cisco Capital") filed an action against Hewlett Packard Co., now known as HP Inc. ("HP") in California Superior Court, Santa Clara County, for declaratory judgment and breach of contract in connection with a contract to utilize Cisco products and services, and to finance the services through Cisco Capital. HP terminated the contract, and the parties dispute the calculation of the proper cancellation credit. On December 18, 2015, Cisco filed an amended complaint that abandoned the claim for breach of contract set forth in the original complaint, and asserted a single cause of action for declaratory relief concerning the proper calculation of the cancellation credit. On January 19, 2016, HP answered the complaint and filed a counterclaim for breach of contract and declaratory judgment. A court-ordered mediation took place on August 30, 2017, and a second on February 13, 2018, but no resolution was achieved. Discovery is completed, and the trial is scheduled to begin on June 11, 2018. DXC is the party in interest in this matter pursuant to the Separation and Distribution Agreement between the then Hewlett-Packard Co. and HPE and the subsequent Separation and Distribution Agreement between HPE and DXC.

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 measured in part by the amount of the fees paid under the contract, as well as pre-judgment interest, and in the alternative claimed rescission of the Agreement. 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. Oral argument took place on August 28, 2017. On October 2, 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 on October 10, 2017, in federal district court in Texas to confirm the award. On November 16, 2017, the arbitrator issued a Final Award which reiterated his findings of fact and law, calculated the amount of prejudgment interest, and awarded Kemper its costs of arbitration including reasonable attorneys' fees and expenses. On December 6, 2017, the Company filed a motion to vacate the award in federal district court in New York. A week later, the New York court stayed the action in deference to the Texas court's decision as to which venue was more appropriate to address the vacatur arguments. On January 12, 2018, the Company appeared in the Texas action seeking a stay of the confirmation proceedings or a transfer of venue to New York. On March 2, 2018, the Texas court denied the venue transfer motion. The pending vacatur motion was accordingly transferred to the Texas court, and a new memorandum of law in support of the motion was filed in that jurisdiction on March 30, 2018. According to the briefing schedule set by the Court, the motion will be fully submitted by May 29, 2018.

The Company disagrees with the decision of the arbitrator and intends to continue to defend itself vigorously. 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: This purported class and collective action was filed on August 18, 2016 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 will be proportionately liable for any recovery by plaintiffs in this matter. Plaintiffs filed an amended complaint on December 19, 2016. 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 on or after December 9, 2014 (deferral states) and April 8, 2015 (non-deferral states), and who were 40 years of age or older at the time of termination. Plaintiffs also seek to represent a Rule 23 class under California law comprised of all persons 40 years or older employed by defendants in the state of California and terminated pursuant to a WFR plan on or after August 18, 2012. On January 30, 2017, defendants filed a partial motion to dismiss and a motion to compel arbitration of claims by opt-in plaintiffs who signed releases as part of their WFR packages. On September 20, 2017, the Court denied the partial motion to dismiss without prejudice, but granted defendants' motions to compel arbitration. Accordingly, the Court has stayed the entire action pending arbitration, and administratively closed the case. Plaintiffs filed a motion for reconsideration as well as a notice of appeal to the Ninth Circuit (which has been denied as premature). The reconsideration motion was denied without oral argument. In that same decision, the Court held that a collective arbitration was permissible. The Company subsequently sought and obtained leave of Court to file a motion for reconsideration arguing that collective arbitration is not permitted under the relevant employee agreements. The Court denied the motion on April 17, 2018, ruling that interpretation of the employee agreements is an issue delegated to the arbitrator. The American Arbitration Association, which was designated to manage the arbitration process, has initiated the process to select an arbitrator to handle a collective arbitration in San Francisco, California. Pursuant to the contract, however, mediation is a precondition to arbitration, and details of such mediation are still under negotiation.

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's related internal investigation is continuing, and the Company has undertaken to cooperate with and provide a full report of its findings to OFAC when completed.

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.

Note 21 - Subsequent Events

No events, other than those described in these notes, have occurred that would require recognition or disclosure in the consolidated financial statements.

ITEM 8. Supplementary Data

All financial statement schedules have been omitted since they are either not required, not applicable, or the required information is shown in the financial statements or related notes.

Selected Quarterly Financial Data (Unaudited)

	Fiscal 2018			
(in millions, except per-share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 5,913	$ 6,163	$ 6,186	$ 6,294
Costs of services (excludes depreciation and amortization and restructuring costs)	4,788	4,312	4,521	4,323
Gross profit	$ 1,125	$ 1,851	$ 1,665	$ 1,971
Restructuring costs	$ 190	$ 192	$ 213	$ 208
Income from continuing operations before taxes	$ 185	$ 387	$ 438	$ 661
Income from continuing operations, net of taxes	$ 173	$ 265	$ 779	$ 565
Net income attributable to DXC common shareholders	$ 159	$ 256	$ 776	$ 560
Earnings per common share[1]				
Basic	$ 0.56	$ 0.90	$ 2.72	$ 1.96
Diluted	$ 0.55	$ 0.88	$ 2.68	$ 1.93
Cash dividend per common share	$ 0.18	$ 0.18	$ 0.18	$ 0.18

	Fiscal 2017			
(in millions, except per-share amounts)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 1,930	$ 1,871	$ 1,917	$ 1,889
Costs of services (excludes depreciation and amortization and restructuring costs)	1,421	1,363	1,347	1,414
Gross profit	$ 509	$ 508	$ 570	$ 475
Restructuring costs	$ 57	$ 25	$ 3	$ 153
Income (loss) from continuing operations before taxes	$ (36)	$ (1)	$ 50	$ (187)
Income (loss) from continuing operations, net of taxes	$ (20)	$ 21	$ 37	$ (138)
Net income (loss) attributable to CSC common shareholders	$ (21)	$ 15	$ 31	$ (148)
(Loss) earnings per common share[1]				
Basic	$ (0.15)	$ 0.11	$ 0.22	$ (1.05)
Diluted	$ (0.15)	$ 0.10	$ 0.21	$ (1.05)
Cash dividend per common share	$ 0.14	$ 0.14	$ 0.14	$ 0.14

[1] *Quarterly EPS amounts may not total to the full-year EPS. EPS is calculated based on weighted average shares outstanding for the period. Quarterly weighted average shares may not equal the full-year weighted average shares for the fiscal year.*

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the direction and with the participation of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation 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, as of the end of the period covered by this report to ensure that information required to be disclosed by us in the SEC reports (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that DXC's disclosure controls and procedures were effective as of the end of the period covered by this report and that our financial statements for the periods covered by and included in this Annual Report are fairly stated in all material respects in accordance with generally accepted accounting principles in the United States of America for each of the periods presented herein.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements and receipts and expenditures are being made only in accordance with authorization of management and the directors of DXC; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting based on the criteria and framework established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2018.

The effectiveness of DXC's internal control over financial reporting as of March 31, 2018 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing on page 60 of this Annual Report.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during fiscal 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
DXC Technology Company
Tysons, Virginia

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of DXC Technology Company and subsidiaries (the "Company") as of March 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the fiscal year ended March 31, 2018 of the Company and our report dated May 29, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/DELOITTE & TOUCHE LLP

McLean, Virginia
May 29, 2018

ITEM 9B. OTHER INFORMATION

None.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K and is incorporated herein by reference to the definitive proxy statement with respect to our 2018 Annual Meeting of Stockholders (the "2018 Proxy Statement"), which we will file with the Securities and exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our executive offers appears in Part I, Item I of this Annual Report on Form 10-K under the heading "Executive Officers of the Registrant."

Other information required by this item will appear under the headings "Proposal 1-Election of Directors”, "Section 16(a) Beneficial Ownership Reporting Compliance", “Corporate Governance”, and “Additional Information-Business for 2019 Annual Meeting" in our 2018 Proxy Statement, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after March 31, 2018, and such information is incorporated herein by reference.

We have a written Code of Business Conduct that applies to our Chief Executive Officer, Chief Financial Officer and our Principal Accounting Officer and every other officer and employee of DXC. Our Code of Business Conduct is available on our website, *www.dxc.technology,* under the heading Leadership and Governance. If any amendment to, or a waiver from, a provision of the Code Business Conduct is made, we intend to disclose such information on our website within four business days.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item will appear in our 2018 Proxy Statement under the headings "Executive Compensation" and "Corporate Governance" and are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table gives information about our common stock that may be issued under our equity compensation plans as of March 31, 2018. See Note 15 - "Stock Incentive Plans" of the consolidated financial statements included herein for information regarding the material features of these plans.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)**
Plan Category	**(a)**	**(b)**	**(c)**
Equity compensation plans approved by security holders	6,985,503	15.80	22,426,057
Equity compensation plans not approved by security holders	—	—	—
Total	6,985,503	15.80	22,426,057

Other information required by this Item will appear in the 2018 Proxy Statement under the heading "Security Ownership," which section is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item will appear in our 2018 Proxy Statement under the heading "Corporate Governance" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item will appear in our 2018 Proxy Statement under the heading "Proposal 2-Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2019-Fees" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(1) Consolidated Financial Statements

The financial statements are included under Item 8 of this Annual Report. See the index on page 59.

(2) Exhibits

The following exhibits are filed herewith unless otherwise indicated.

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 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 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 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 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 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 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 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 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 Form 8-K (filed October 13, 2017) (file no. 001-38033))
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 Form 8-K (filed April 6, 2017) (file no. 001-38033))
3.2	Amended and restated Bylaws of DXC Technology Company, effective March 31, 2018 (incorporated by reference to Exhibit 3.1 to DXC Technology Company's Form 8-K (filed March 15, 2018) (file no. 001-38033))
4.1	Base 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 4.1 to DXC Technology Company's 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 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 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 Form 8-K (filed August 17, 2017) (file no. 001-38033))
4.5	Fifth Supplemental Indenture, dated 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 Form 8-K (filed March 15, 2018) (file no. 001-38033))
4.7	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 Form 8-K (filed August 9, 2017) (file no. 001-38033))
4.8	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 Form 8-K (filed August 9, 2017) (file no. 001-38033))
4.9	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 Form 8-K (filed August 9, 2017) (file no. 001-38033))
4.10	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 Form 8-K (filed August 9, 2017) (file no. 001-38033))
4.11	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 Form 8-K (filed August 17, 2017) (file no. 001-38033))
4.12	Form of DXC Technology Company's 7.45% Senior Notes due 2029 (included in Exhibit 4.5) (incorporate 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))
4.13	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's Form 8-K filed March 15, 2018) (file no. 001-38033))
4.14	Ninth Supplemental Indenture, dated January 22, 2018, between Enterprise Services LLC and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to DXC Technology Company’s Form 8-K (filed January 23, 2018) (file no. 001-38033))
10.1	Credit Agreement, dated as of October 11, 2013, among Computer Sciences Corporation, the financial institutions listed therein and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation's Current Report on Form 8-K (filed October 17, 2013) (file number 001-04850))
10.2	Amendment No. 1 dated as of April 21, 2016 to the Credit Agreement dated October 11, 2013, among Computer Sciences Corporation, the financial institutions listed therein and Citibank, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation’s Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))

10.3	Amendment No. 2 dated as of June 21, 2016 to the Credit Agreement dated October 11, 2013, among Computer Sciences Corporation, the financial institutions listed therein and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation’s Current Report on Form 8-K (filed June 21, 2016) (file no. 001-04850))
10.4	Incremental Assumption Agreement, dated as of June 15, 2016, by and among Computer Sciences Corporation, the incremental lenders party thereto and Citibank, N.A. as administrative agent (incorporated by reference to Exhibit 10.3 to Computer Sciences Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))
10.5	Second Incremental Assumption Agreement, dated as of July 25, 2016, by and among Computer Sciences Corporation, the incremental lenders party thereto and Citibank, N.A. as Administrative Agent (filed herewith)
10.6	Third Incremental Assumption Agreement, dated as of December 30, 2016, by and among Computer Sciences Corporation, the incremental lenders party thereto and Citibank, N.A. as Administrative Agent (filed herewith)
10.7	Waiver and Amendment No. 3 dated as of February 17, 2017 to the Amended and Restated Credit Agreement dated October 11, 2013, among the Company, the financial institutions listed therein, and Citibank, N.A., as Agent (incorporated by reference to Exhibit 10.54 to Computer Sciences Corporation’s Annual Report on Form 10-K for the year ended March 31, 2017 (filed May 26, 2017) (file no. 001-04850))
10.8	Fourth Incremental Assumption Agreement, dated as of April 3, 2017, by and among DXC Technology Company, the incremental lenders party thereto and Citibank, N.A. as administrative agent (filed herewith)
10.9	Fifth Incremental Assumption Agreement, dated as of September 27, 2017, by and among DXC Technology Company, the incremental lenders party thereto and Citibank, N.A. as administrative agent (filed herewith)
10.10	Master Accounts Receivable Purchase Agreement, dated as of July 14, 2017 between Enterprise Services LLC and The Bank of Tokyo Mitsubishi UFJ, Ltd. (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Form 8-K (filed July 19, 2017) (file no. 001-38033))
10.11	Guaranty, dated as of July 14, 2017 between DXC Technology Company and The Bank of Tokyo Mitsubishi UFJ, Ltd. (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Form 8-K (filed July 19, 2017) (file no. 001-38033))
10.12	Amendment No. 1 dated as of January 23, 2018 to the Master Accounts Receivable Purchase Agreement dated as of July 14, 2017 between Enterprise Services LLC and The Bank of Tokyo Mitsubishi UFJ, Ltd (filed herewith)
10.13	Term Loan Agreement, dated as of December 16, 2016, by and among Everett SpinCo, Inc. (now known as DXC Technology Company), the lenders and arrangers party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent. (incorporated by reference to Exhibit 10.1 to Hewlett Packard Enterprise Co's Form 8-K (filed December 22, 2016) (file no. 001-37483))
10.14	Amendment No. 1 dated March 3, 2017 to the Term Loan Agreement dated as of December 16, 2016, by and among Everett SpinCo, Inc. (now known as DXC Technology Company), the lenders and arrangers party thereto and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent (filed herewith)
10.15	Credit Agreement, dated as of December 16, 2015, by and among CSC Computer Sciences UK Holdings Limited, as Borrower, Computer Sciences Corporation, the lenders from time to time party thereto, as Lenders, Lloyds Bank PLC, as Administrative Agent, Lloyds Bank PLC and The Bank of Tokyo-Mitsubishi UFJ, LTD., as Joint Lead Arrangers, and Mizuho Bank, LTD., as Arranger (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation’s Current Report on Form 8-K (filed December 22, 2015) (file no.001-04850))
10.16	Amendment No. 1 dated April 22, 2016 to the Credit Agreement dated December 16, 2015, among CSC Computer Sciences UK Holdings Limited, as borrower, Computer Sciences Corporation, the lenders party thereto and Lloyds Bank plc, as administrative agent (incorporated by reference to Exhibit 10.2 to Computer Sciences Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2016 (filed August 9, 2016) (file no. 001-04850))
10.17	Waiver and Amendment No. 2 dated February 17, 2017 to the Credit Agreement dated December 16, 2015, among CSC Computer Sciences UK Holdings Limited, as borrower, Computer Sciences Corporation, the lenders party thereto and Lloyds Bank plc, as administrative agent (incorporated by reference to Exhibit 10.61 to Computer Sciences Corporation’s Annual Report on Form 10-K for the year ended March 31, 2017 (filed May 26, 2017) (file no. 001-04850))
10.18	Syndicated Facility Agreement, dated July 25, 2016, by and among CSC Australia PTY. Limited and UXC Limited, as borrowers, Computer Sciences Corporation, as guarantor, the lenders from time to time party thereto and Commonwealth Bank of Australia, as agent (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation’s Current Report on Form 8-K (filed July 28, 2016) (file no. 001-04850))
10.19	Waiver and Amendment No. 2 dated February 17, 2017 to the Syndicated Facility Agreement Syndicated Facility Agreement, dated July 25, 2016, by and among CSC Australia PTY. Limited and UXC Limited, as borrowers, Computer Sciences Corporation, as guarantor, the lenders from time to time party thereto and Commonwealth Bank of Australia, as agent (incorporated by reference to Exhibit 10.67 to Computer Sciences Corporation’s Annual Report on Form 10-K for the year ended March 31, 2017 (filed May 26, 2017) (file no. 001-04850))
10.20	Amended and Restated Master Loan and Security, dated April 4, 2016, by and among Bank of America, N.A., as Agent, Banc of America Leasing & Capital, LLC, as Lender, and CSC Asset Funding I LLC, as Borrower, and Computer Sciences Corporation, as Guarantor (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation’s Current Report on Form 8-K (filed April 7, 2016) (file no.001-04850))
10.21	Second Amendment dated February 17, 2017 to the Amended and Restated Master Loan and Security, dated April 4, 2016, by and among Bank of America, N.A., as Agent, Banc of America Leasing & Capital, LLC, as Lender, and CSC Asset Funding I LLC, as Borrower, and Computer Sciences Corporation, as Guarantor (incorporated by reference to Exhibit 10.56 to Computer Sciences Corporation’s Annual Report on Form 10-K for the year ended March 31, 2017 (filed May 26, 2017) (file no. 001-04850))

10.22 Dealer Agreement, dated July 24, 2015, by and between CSC Capital Funding Limited, as issuer, Computer Sciences Corporation, as guarantor, Citibank International Limited, as arranger, and the financial institutions listed therein, as dealers (incorporated by reference to Exhibit 99.1 to Computer Sciences Corporation’s Current Report on Form 8-K (filed July 28, 2015) (file no.001-04850))

10.23 Amendment No. 1 dated April 3, 2017, to the Dealer Agreement, dated July 24, 2015, by and between DXC Capital Funding Limited, as Issuer, DXC Technology Company, as Guarantor, Citibank Europe PLC, UK Branch, as Arranger, and the financial institutions listed therein, as Dealers (filed herewith)

10.24 Purchase and Sale Agreement dated as of December 21, 2016, among Computer Sciences Corporation, as Contributing Originator and Servicer, Alliance-One Services, Inc., CSC Agility Platform, Inc., CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation and PDA Software Services LLC, as Originators, and CSC Receivables LLC, as Buyer (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation 's Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))

10.25 Receivables Purchase Agreement dated as of December 21, 2016, among Computer Sciences Corporation, as Servicer, CSC Receivables LLC, as Seller, the persons from time to time party thereto as Purchasers and group agents, PNC Bank, National Association, as Administrative Agent and PNC Capital Markets LLC, as Structuring Agent (incorporated by reference to Exhibit 10.2 to Computer Sciences Corporation’s Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))

10.26 Performance Guaranty dated as of December 21, 2016, made by Computer Sciences Corporation, as Guarantor, in favor of PNC Bank, National Association, as Administrative Agent, for the benefit of the purchasers (incorporated by reference to Exhibit 10.3 to Computer Sciences Corporation’s Current Report on Form 8-K (filed December 23, 2016) (file no. 001-04850))

10.27 Guarantor Assumption Agreement and Joinder, dated April 3, 2017, to the Performance Guaranty dated as of December 21, 2016, made by Computer Sciences Corporation, as Guarantor, in favor of PNC Bank, National Association, as Administrative Agent, for the benefit of the purchasers (filed herewith)

10.28 Term Loan Credit Agreement dated as of May 11, 2018, by and among DXC Technology Company, as Borrower, and Mizuho Bank, Ltd., as Lender and Administrative Agent (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Form 8-K (filed May 17, 2018) (file no. 001-38033))

10.29 Amendment Agreement dated as of December 16, 2015 to Credit Agreement dated December 18, 2013, by and among Computer Sciences Holdings (UK) Ltd., as borrower, Computer Sciences Corporation, and Lloyds Bank plc, as lender and agent (incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 1, 2016 (filed February 16, 2016) (file no.001-04850))

10.30* DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (filed March 31, 2017) (file no.333-217053))

10.31* DXC Technology Company 2017 Non-Employee Director Compensation Plan (incorporated by reference to Exhibit 4.4 to the Company’s Registration Statement on Form S-8 (filed March 31, 2017) (file no. 333-217053))

10.32* DXC Technology Company 2017 Share Purchase Plan (incorporated by reference to Exhibit 4.6 to the Company’s Registration Statement on Form S-8 (filed March 31, 2017) (file no. 333-217053))

10.33* DXC Technology Company Deferred Compensation Plan (incorporated by reference to Exhibit 4.4 to the Company’s Registration Statement on Form S-8 (filed March 31, 2017) (file no. 333-217054))

10.34* Amendment to DXC Technology Company Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2017 (filed November 8, 2017) (file no. 001-38033))

10.35* Form of Stock Option Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.36* Form of Performance Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.37* Form of Service Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.6 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.38* Form of Restricted Stock Unit Agreement under the DXC Technology Company 2017 Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.39* Supplemental Performance Based Restricted Stock Unit Award to J. Michael Lawrie dated June 15, 2017 (incorporated by reference to Exhibit 10.7 to the Company’s Quarterly Report on Form 10-Q for the period ended June 30, 2017 (filed August 9, 2017) (file no. 001-38033))

10.40* DXC Technology Company Severance Plan for Senior Management and Key Employees (incorporated by reference to Exhibit 10.11 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.41* Employment Agreement with J. Michael Lawrie dated February 7, 2012 (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation's Form 8-K (filed February 8, 2012) (file no. 001-4850))

10.42* Amendment to Employment Agreement, effective as of March 27, 2017 (incorporated by reference to Exhibit 10.1 to Computer Sciences Corporation's Form 8-K (filed March 28, 2017) (file no. 001-4850))

10.43* Amendment to Employment Agreement with J. Michael Lawrie dated April 3, 2017 (incorporated by reference to Exhibit 10.12 to the Company’s Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

10.44*	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.16 to the Company's Periodic Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
10.45*	Form of Career Share Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (filed herewith)
12.1	Calculation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preference Dividends
21	Significant Active Subsidiaries and Affiliates of the Registrant (filed herewith)
23	Consent of Independent Registered Public Accounting Firm
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.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
	*Management contract or compensatory plan or agreement

ITEM 16. FORM 10-K SUMMARY

None.

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:	May 29, 2018	By:	/s/ Paul N. Saleh
		Name:	**Paul N. Saleh**
		Title:	**Executive Vice President and Chief Financial Officer**

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ J. Michael Lawrie **J. Michael Lawrie**	Chairman, President and Chief Executive Officer (Principal Executive Officer)	May 29, 2018
/s/ Paul N. Saleh **Paul N. Saleh**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	May 29, 2018
/s/ Neil A. Manna **Neil A. Manna**	Senior Vice President and Corporate Controller (Principal Accounting Officer)	May 29, 2018
/s/ Mukesh Aghi **Mukesh Aghi**	Director	May 29, 2018
/s/ Amy E. Alving **Amy E. Alving**	Director	May 29, 2018
/s/ David Herzog **David Herzog**	Director	May 29, 2018
/s/ Sachin Lawande **Sachin Lawande**	Director	May 29, 2018
/s/ Julio A. Portalatin **Julio A. Portalatin**	Director	May 29, 2018

/s/ Peter Rutland **Peter Rutland**	Director	May 29, 2018
/s/ Manoj P. Singh **Manoj P. Singh**	Director	May 29, 2018
/s/ Robert F. Woods **Robert F. Woods**	Director	May 29, 2018
/s/ Mary Louise Krakauer **Mary Louise Krakauer**	Director	May 29, 2018

DXC.technology

Learn more at www.dxc.technology

About DXC Technology

DXC Technology (DXC: NYSE) is the world's leading independent, end-to-end IT services company, serving nearly 6,000 private and public-sector clients from a diverse array of industries across 70 countries. The company's technology independence, global talent and extensive partner network deliver transformative digital offerings and solutions that help clients harness the power of innovation to thrive on change. DXC Technology is recognized among the best corporate citizens globally. For more information, visit **www.dxc.technology**.

© 2018 DXC Technology Company. All rights reserved.

MD_7743a-19. June 2018

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

ISO 9001:2015

David Derrick

David Derrick - Area Operations Manager UK & Ireland

Issued By: Lloyd's Register Quality Assurance Limited

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 1 June 2018
Expiry Date: 31 May 2021
Certificate Number: 10096087

Original Approvals:
ISO9001 – 7 February 1994

Approval Numbers: ISO 9001 - 00005429

The scope of this approval is applicable to:

Provision of services, as defined in the list of current certified activities.

UKAS
MANAGEMENT
SYSTEMS
001

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.
Issued By: Lloyd's Register Quality Assurance Limited, 1 Trinity Park, Bickenhill Lane, Birmingham B37 7ES, United Kingdom

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

ISO 14001:2015

David Derrick

Issued by: Lloyd's Register Quality Assurance Ltd

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 26June 2018
Expiry Date: 15 February 2020
Certificate Number: 10117616

Original Approvals:
ISO 14001 – 12 January 2018

Approval Numbers: ISO 14001 - 004120

The scope of this approval is applicable to:

Provision of services, as defined in the list of current certified activities and maintenance of business processing facilities.

UKAS
MANAGEMENT
SYSTEMS
001

Lloyd's Register Group Limited, its subsidiaries and affiliates, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

ISO 14001:2015

David Derrick

Issued by: Lloyd's Register Quality Assurance Ltd

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 26 June 2018
Expiry Date: 15 February 2020
Certificate Number: 10117616

Original Approvals:
ISO 14001 – 12 January 2018

Approval Numbers: ISO 14001 - 004120

The scope of this approval is applicable to:

Provision of services, as defined in the list of current certified activities and maintenance of business processing facilities.

UKAS
MANAGEMENT
SYSTEMS
001

Lloyd's Register Group Limited, its subsidiaries and affiliates, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, **referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any p**erson for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever p**rovided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this informa**tion or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

ISO/IEC 20000-1:2011

David Derrick

David Derrick - Area Operations Manager UK & Ireland

Issued By: Lloyd's Register Quality Assurance Limited

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 13 June 2018
Expiry Date: 31 May 2021
Certificate Number: 10096089

Original Approvals:
ISO/IEC 20000 – 6 April 2004

Approval Numbers: ISO/IEC 20000 – 0003444

The scope of this approval is applicable to:

Provision of IT services, as defined in the list of current certified activities.

UKAS
MANAGEMENT
SYSTEMS
001

loyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.
Issued By: Lloyd's Register Quality Assurance Limited, 1 Trinity Park, Bickenhill Lane, Birmingham B37 7ES, United Kingdom

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

ISO/IEC 27001:2013

David Derrick

David Derrick - Area Operations Manager UK & Ireland

Issued by: Lloyd's Register Quality Assurance Limited

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current issue date: 13 June 2018
Expiry date: 31 May 2021
Certificate identity number: 10096090

Original approval(s):
ISO/IEC 27001 – 28 May 2018

Approval number(s): ISO/IEC 27001 – 0016081

The scope of this approval is applicable to:

Provision of services and secure and resilient IT infrastructure as defined in the list of current certified activities. Statement of Applicability version 4.

UKAS
MANAGEMENT
SYSTEMS
001

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.
Issued By: Lloyd's Register Quality Assurance Limited, 1 Trinity Park, Bickenhill Lane, Birmingham B37 7ES, United Kingdom

Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

DXC Technology Services, LLC

1775 Tysons Boulevard, Tysons, 22102, United States

has been approved by LRQA to the following standards:

OHSAS 18001:2007

David Derrick

David Derrick

Issued by: Lloyd's Register Quality Assurance Ltd

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Current Issue Date: 26 June 2018
Expiry Date: 15 February 2020
Certificate Number: 10117613

Original Approvals:
OHSAS 18001 – 16 February 2005

Approval Numbers: OHSAS 18001 - 0004121

The scope of this approval is applicable to:

Provision of services, as defined in the list of current certified activities and maintenance of business processing facilities.

UKAS
MANAGEMENT
SYSTEMS
001

Lloyd's Register Group Limited, its subsidiaries and affiliates, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

DXC.technology

Project Manager

Profile Summary

Total experience: 28 Years **DXC experience:** 28 years

Current Job Title: Senior Project Manager

Experience summary

- Successful track record as Senior program/project management experience (PMP certified since 2004), completing projects on time, within budget and within scope for enterprise scale, multi-regional, and cross functional engagements.
- Proven abilities in project communications, coaching, planning, launches, risk/issue management and delivering to project specifications and objectives
- Ability to manage complex global, cross-functional, enterprise-wide projects
- Follow through that leads to successful, on-time completion of projects/programs
- Self-motivated, hard working with strong interpersonal and leadership skills

Skills

Top Skills (Technical/ Nontechnical skills)

- Leadership: 15 years
- Scheduling: 13 years
- Critical Thinking: 28 years
- Communication: 28 years
- Coaching: 15 years
- Meetings Management: 15 years

Key Roles Performed

- Sr. Project Manager: 9 years
- PMO Manager: 7 years
- Sr. Business Analyst: 3 years
- Business Analyst: 7 years
- Systems Engineer: 2 years

Technical Expertise

Industry Experience:	• Oil and Gas: 9 years • IT Technology: 19 years

Experience

DXC Technology

HPE / Global Tax Engine NGIT **Sept 2017 – Aug 2018**

- Deliver ONESOURCE Tax Engine on time

Hewlett Packard Enterprise/Hewlett Packard/Compaq Computer

Sr. Project Manager/ Sr. Business Analyst PMO Manager

- Managed high profile critical Financial Accounting IT (FAIT) Tax projects
- Managed SAP and Web-based application projects and programs
- Managed world-wide integrated Supply Chain Projects
- Created, implemented and managed the program management office (PMO)

Electronic Data Systems (EDS) **1989 – 1997**

Business Analyst/ Systems Engineer

- Develop and analyze Gas Scheduling System solutions

Education & Certifications

Masters of Business Administration - University of Phoenix- Houston, Texas

Bachelors of Science in Computer Science – University of Phoenix- Houston, Texas

Training & Certifications

- DevOps/ Agile Training – 2017
- Agile Training – 2017
- Lean Six Sigma White Belt Quality Training – 2016
- Commitment Based Project Management Certification (CBPM) – 2014
- Distinguished Toastmaster (DTM) – 2014
- Project Management Professional (PMP) – 2004
- Master’s Certificate in Project Management – 1999

Transformation Manager

Profile Summary

Total experience: 37 Years 7 months **DXC experience :** 3 years

Current Job Title: Program Manager

Experience summary

- Worked as a Project Manager in the Center of Excellence Organization
- Expertise in acting as an effective liaison between multiple Business Groups, IT Developers and IT Support Teams to provide high quality technical solutions
- Detail-oriented project manager and business process expert with a collaborative approach for developing business requirements and application design documents
- Ability to design and deliver complex cross-organization solutions for product data management aiding value in any data quality initiatives
- Accountability and responsibility on an array of complex and diverse projects
- DMO program manager for Everett and Seattle, SMO project manager for Eiffel suite, SAP Project Upgrades. Delivered various Archive capabilities as a SAP Finance functional analyst
- Ability to manage multiple projects simultaneously in fast-pasted, deadline driven environment

Skills

Top Skills (Technical/Nontechnical skills)

- SAP
  - SAP FI/CO: 5 years
  - SAP Archiving: 5 years
- Project Manager/ Business Consultant/ Analyst
  - Project Requirements Gathering: 20 years
  - Project Analysis & Design · Development: 20 years
  - Implementation · Testing · Support: 20 years
  - Applications Support/ Operations: 5 years
  - Customer Interaction: 25 years
  - Problem Resolution: 20 years

Key Roles Performed

- Project Manager/Team Lead - 20 years

Industry Experience

- High Tech Manufacturing (Hardware, Software and Solutions): 37 years

Experience

DXC Technology

Overall Responsibilities include:

- Communication with Sponsors via regular status reports and check point meetings
- Manage, communicate and mitigate project risks and escalated as needed
- Manage scope and all phases of project lifecycle
- Manage Business and IT testing within Automated Testing Tool (ALM)
- Create project management templates to leverage future projects (project schedules, end of phase artifacts, signoff artifacts, project kickoff, scope slides, and Design slides)

HPE **Aug 2018 - Present**

- Project Manager for New Revenue Standard – A new compliance program which includes introduction of compliance policies for HW & SW, O&C, Eiffel and LH. This will be an introduction of New Enterprise Analytics platform for the worldwide Finance user community

HPE/ DXC (split/merge) **Apr 2017 – Sep 2018**

- Project Manager for the Software/HP Enterprise company split for six SAP applications

Project Manager Hewlett Packard Enterprise (split) **May 2015 – Apr 2017**

- Project manage HPE and HPI Spin off for SAP (Financial Close Applications)
- Project manage HPE Enterprise Services Spin off Divesture Management Office (DMO) activities to DXC

Education & Certifications

Bachelor - Fitchburg State College USA

Associates Business - Mount Wachusett Community College, USA

Training & Certifications

- PMP since 2004

Mary Fellows

Role: Migration Lead

Profile Summary

Total experience: 15 Years **DXC experience:** 8 months

Current Job Title: Technology Consultant

Experience summary

- 15 years of business, IT, sales and consulting delivery experience across several industry verticals
- Led the development and execution of strategic initiatives, portfolio management and helped several consulting organizations grow through her leadership at the accounts she was assigned to
- Led change across both business and technology functions has resulted in solutions that add lasting value to the organization
- Strong interpersonal skills with the ability to develop and build productive team and sales relationships and act as a catalyst for change in organizations

Skills

Top Skills (Technical/Nontechnical skills)

- Cloud Migration – 3 years
- Team Management and Leadership – 15 years
- Microsoft Office Suite – 10 years

Key Roles Performed

- Team Management– 15 years
- Migration Lead – 3 years
- Application Development Lead – 3 years

Technical Expertise

Industry Experience:	Retail, Financial Services (including Banking, Investments and Insurance), Manufacturing, Automotive, Facility Management, Travel and Hospitality, Consulting and Professional Services
Competencies:	AWS, Azure, Project and Portfolio Management, Cloud Migration, Business Development, Program Governance, Organizational Development Strategy and Roadmap Development, Change Management, Business Process Development, Portfolio/ Program Management, Six Sigma, Agile, Iterative Dev., Waterfall, Resource and Project Forecasting, Allocation Analysis, Testing and Quality Assurance, Key Performance Indicators (KPIs), Activity Based Costing (ABC), Cost Benefit Analysis (CBA), Financial Management,
Software/Tools:	Cognos, Ariba, SugarCRM, General Ledger, Hyperion, Clarity, PeopleSoft, MS Project and Clear Choice, Microsoft (Visio, Word, Excel, PPT), SAS, JIRA, HP Quality Center, DynaCenter

Experience

DXC Technology **Mar 2018 – Present**

Migration Engagement Lead

- Day to day oversight of enterprise Cloud Migration Programs including all delivery activities, accountable for the success, and execution
- Oversee and plan all aspects of executing a smooth Cloud Migration project

Relus Cloud (AWS Premier Partner) **Oct 2017 – Mar 2018**

Senior Director Cloud Operations and PMO

- Day to day oversight of Enterprise Cloud Migration Programs including all delivery activities, accountability for the success, execution and delivery
- Stood up PMO processes, reporting, and best practices
- Managed PMO staff of 10 responsible for delivering 65 in-flight migration and data and analytics projects
- Managed Project / Program Management Office (PMO), build out PMO processes, documents, templates and Cloud Migration and Data and Analytics Best Practice Guidelines
- Oversaw and plan all aspects of executing smooth Cloud Migration and Data Analytics projects while mentoring junior team members
- Managed demand planning and project scheduling for Professional Services Team of 60
- Managed Professional Services actuals vs. forecasts
- Analyze variance to baseline of projects weekly to provide corrective actions or mitigations

Racemi Incorporated **June 2016 – Oct 2017**

Senior Program Manager and PMO Best Practice Lead

- Oversaw day to day Enterprise Cloud Migration Programs including all delivery activities, accountability for the success, execution and delivery
- Developed program communication plans and effect communication for Executive Management Teams, Project Team(s) and Stakeholders while regularly interacting with key Client Executives
- Managed Project / Program Management Office (PMO), build out PMO processes, documents, templates and Cloud Migration Best Practice Guidelines
- Oversaw and plan all aspects of executing smooth Cloud Migration projects while mentoring junior team members
- Monitored project and program contracts and deliverables for successful implementation of enterprise-wide Cloud Migration Projects
- Directed Program and Project services overseeing project management best practices
- Analyzed variance to baseline of projects weekly to provide corrective actions or mitigations

Aspirent Consulting, LLC **Nov 2014 – May 2016**

Consulting Senior Manager and Founding Member

- Day to day oversight large Enterprise Programs including all delivery activities, accountability for the success, execution and delivery
- Developed program communication plans and effect communication for Executive Management Teams, Project Team(s) and stakeholders while regularly interacting with key Client Executives
- Generated revenue by identifying new opportunities, authoring SOWs and proposals and managing project execution work from inception to go live
- Built and maintained a list of sales opportunities while managing an active call plan including prospecting at 11 separate companies
- Oversaw and planned all account management meetings while mentoring junior team members
- Opened the Carter's account and on-boarded 4 consultants in 3 months
- Participated as a presenter in a two-day project leadership workshop for a major travel industry airline provider
- Coordinated the end to end program work planning, scheduling and delivery for programs spanning an entire product development lifecycle
- Delivered business process redesign for collaborative forecasting and demand planning for Coca Cola
- Acquired experience in a management consulting capacity while acting as the Project Manager or Business Liaison for multiple engagements
- Managed programs for Carter's and OshKosh B'gosh that included Point of Sale, Sales Audit software and infrastructure upgrades as well as implementing Enterprise Selling, Guest WiFi and Mobile POS

Daugherty Business Solutions **Sept 2013 – Nov 2014**

Consulting Manager

- Oversaw and planned all account management activities
- Delivered multiple business process improvement projects for fortune 500 companies
- Responsible for leading demand planning, release planning, and program and project financial planning for a major US Auto Parts distributor of over 6000 company-owned and independent stores
- Served as the Project Manager or Business Liaison for multiple engagements
- Delivered a .NET Mobile (Windows 8.1) release from requirements to implementation on an 8 month accelerated schedule for Royal Caribbean Cruise Lines
- Coordinated the end to end program work planning, scheduling and delivery for a program spanning an entire product development lifecycle
- Advised client users on application design alternatives and business process change opportunities

ING **July 2009 – Sept 2013**
Manager

ING Atlanta – Senior IT Project Manager - Business Owned Applications (BOA) Program Governance, 4/12 – 9/13

- Responsible for BOA security, risk management program development and enterprise governance
- Delivered multiple projects for enterprise roll out of application security event monitoring and roles based access controls

- Maturing of enterprise business owned application governance to include control gap analysis and an annual recertification process
- Responsible for the oversight of an IT Functional area, operational budget and project budget
- Assisted Senior Leaders in identifying cost savings opportunities to reduce overall department budget
- Built 2013 bottoms up budget for IT functional area of operational and discretionary spend
- Championed change aiding in rollout and enterprise level forecasting (resources and projects)

ING Windsor – Cost Manager- Sr. Financial Analyst, July 2009 – Apr 2012

- Cost manager assisting Senior Leaders in management of two IT functional areas budget
- Contributed to the development of Enterprise Methodologies and Processes for Activity Based Costing, Enterprise Resource Forecasting, Portfolio and Project Finance and Project Impact to Operations
- Performed budgeting, forecasting, expenses analysis and month end close processes
- Provided consulting services to department management and associates to analyze and resolved technical issues within management reporting as it related to activity based costing and allocations
- Presented financial results of IT organizations supported to stakeholders
- Lead process enhancement projects to address gaps and misalignments
- Reviewed and analyzed operational and project financials to assess accuracy and impact to overall firm objectives
- Managed budgeting, forecasting and journal entries for all IT capitalizable developmental software projects
- Acted as a Subject Matter Expert for project and portfolio finance

Education and Certifications

Masters in Management - Rensselaer Polytechnic Institute (2008-2010)

Bachelors of Business Management – Johnson and Wales University (1998-2002)

Training and Certifications

- Six Sigma Green Belt Certified
- Completed CISSP and CISM training
- PMP Certification training

Eric L. Zimmerman

Role: Solution Architect

Profile Summary

Total experience: 35 Years **DXC experience:** 19 years

Current Job Title: Technology Consultant

Experience summary

- Extensive experience working within multinational companies with achievements highlighted by long term vision, innovation and practical working knowledge in many facets of Information Technology
- Worked with clients in development of Business Case, Business Requirements Definition, Rough Order of Magnitude Estimation, and Solution Development for their ITO project pipeline
- Managed teams of ~100 employees and budgets in excess of $15 million
- Experience in budget forecast, quality management, mainframe, mid-range, Wintel, database, operations, automation, desktop integration, data center facilities, configuration management, virtualization, active directory, converged infrastructure, storage, disaster recovery, network, backup, and electronics

Skills

Top Skills (Technical/Nontechnical skills)

- Data Migration – 30 years
- Team Management and Leadership – 34 years
- Disaster Recovery – 35 years
- VBA – 20+ years
- Microsoft Office Suite – 30 years
- Automation – 35 years

Key Roles Performed

- Team Management – 34 years
- Chief Engineer – 7 years
- Migration Architect – 7 years
- Technical Consultant – 7 years
- Automation Analyst – 19 years
- Data Center Consolidation – 29 years
- WAME Developer – 2 years
- Computer Operator – 17 years
- Electronics Technician – 5 years

Experience

DXC Technology **Feb 2009 – Present**

- Worked on multiple roles- Technology Consultant, Chief Engineer, Migration Architect, and Data Discovery Specialist for multiple client/ projects as listed below

– *HP Inc.*	*04/2017 – Present*
– *McKesson*	*01/2017 – 11/2017*
– *Ericsson*	*08/2016 – 11/2016*
– *Nokia*	*03/2016 – 06/2016*
– *TNT Express*	*12/2014 – 03/2016*
– *Alcatel-Lucent*	*12/2012 – 02/2015*
– *Con-Way*	*01/2012 – 12/2012*
– *VALE Mining Company*	*04/2011 – 01/2012*
– *Butterfield Bank*	*11/2010 – 04/2011*
– *Genzyme Corporation*	*09/2010 – 11/2010*
– *Pegasus Solutions Inc.*	*12/2009 – 09/2010*
– *Symantec*	*04/2009 – 12/2009*
– *Government of the Republic of Singapore*	*02/2009 – 04/2009*

Previous Relevant Work Experience

Ahold Information Services **Apr 1998 – Dec 2005**

- Worked as a Manager of Procedures, Automation, Configuration Technologies, Data Center Facilities, Workplace Services

UNUM Insurance Company **Jan 1997 – Apr 1998**

- Worked as a Command Center Engineer of Mainframe and mid-range computer operations and production control

Interim Technology **Aug 1996 – Dec 1996**

- Worked as a Production Control Analyst of a Mainframe production control

Alternative Resources Corporation **Apr 1996 – Aug 1996**

- Worked as a Computer Operator IV of a Mainframe and mid-range computer operations and production control

Universal Financial Products **Nov 1991 – Mar 1996**

- Worked as a Field Engineer (Computer Technician / Service Representative) Manager of a Computer Technician for mainframe, mid-range, PCs, high-speed check sorters, microfilm, microfiche, network, magnetic tape, DASD, printer
- Component level problem determination and part replacement

Nationale – Nederlanden North American Group (ING) **June 1990 – Nov 1991**

- Worked as a Computer Operator (Lead) of a Mainframe and mid-range computer operations, production control, print, data entry and a data center consolidation

Jefferson National Life Insurance Company **Jan 1990 – June 1990**

- Worked as a Computer Operator (Lead) of a Mainframe and mid-range computer operations, production control, print, and data entry

Nationale – Nederlanden North American Group (ING) **Sept 1988 – Sept 1989**

- Worked as a Computer Operator (Lead) of a Mainframe and mid-range computer operations, production control, print, data entry and Data center consolidation

Midwestern United Life Insurance Company (ING) **Jan 1988 –Sept 1988**

- Worked as a Computer Operator (Lead) of a Mainframe and mid-range computer operations, production control, print, data entry and data center consolidation

Central Data Processing Agency of Allen County Indiana **Oct 1982 – Sept 1986**

- Worked as a Computer Operator (Lead) of a Mainframe and mid-range computer operations, production control, print, decollation, and data entry

Education and Certifications

Computer Technology (no degree) – Indiana University/ Purdue University ('83-86)

Graphic Communications and Data Processing- Regional Vocational School ('83)

English Major with a Business Minor– Wayne High School ('83)

Training and Certifications

- ITIL Foundation Certificate in IT Service Management (2002)

DXC.technology

Kaushik Kotra

Role: Testing and Quality Assurance Lead

Profile Summary

Total experience: 13 Years **DXC experience:** 13 years

Current Job Title: Test Management Consultant/ Test Process Consultant

Experience summary

- Seasoned professional with strong expertise in Application Delivery Services, Quality Assurance, Test Process Consulting and Account and Program management
- Extensively worked on Healthcare, Lifesciences and Pharmaceuticals, Travel and Hospitality, Consumer, Energy and Retail Industries
- Has led several Enterprise Programs / Solutions spanning across – Web, ERP, Cloud Migration Projects, COTS Implementations, and Custom App Development and Maintenance with strong leadership expertise and team management skills
- Led large multi-million-dollar programs spanning across multiple geographies and various service offerings

Skills

Technical, Delivery and Account Management

- Managed and lead large and complex software testing projects for several clients across globe
- Worked extensively on Test organization assessments, TCoE implementations, Process compliance checks and establishing measurement framework for large enterprise programs/ organizations
- Managed all aspects of project delivery - including defining project scope, specifying deliverables, estimating duration/effort/cost, and creating detailed project plans
- Responsible for overall account management – P/L, Customer Satisfaction, Performance Management for all CSC services, SLA measurements and adherence, drive Innovation and value additions through delivery excellence, schedule and cost adherence, risk management, planning, Financial management not limited to budgets, Profitability Analysis, Tier mix
- Excellent knowledge and hands on expertise creating Onsite – Offshore delivery and also in successfully managing them
- Operational responsibility and ownership of ensuring that projects are delivered on time and with quality parameters including release management
- Track productivity across multiple projects, schedule and cost adherence, risk management, planning, scheduling at each project level and manage stakeholders' expectations
- Monitor project health indicators very closely
- Defining the roles and responsibilities of the team; monitoring, assessing and mentoring the each individual from the team to maintain the productivity and quality output
- Experienced in mitigating technical issues, team issues and motivating the team

- Strong expertise in preparing Test Strategy, Software Test Plan, Estimations, Test Scenarios for complex and enterprise programs
- Experience in various testing types like functionality, compatibility, reliability, usability, installation, security, regression, performance, automation

Security and Healthcare Experience

- Strong experience on “Health Care and Life Sciences” functional and business areas
- Good knowledge in validation testing and healthcare related compliances- 21 CFR Part 11, HIPAA, GCP and IQ, OQ, PQ
- Good understanding and knowledge of Healthcare Payer / Provider
- Expertise on “Clinical trials”, “Protocols”, “Patient Enrolment”, “Budget and Finance”, “Consents” modules
- Experience on PACS, VetPACS, Tele-medicine, Digital Radiography, Digital Imaging, Vet Lab Station, VetLab Analyzers, Patient Management and Practice Management Systems
- Expertise on FDA and compliance testing
- Worked on several Clinical trial applications and has strong understanding on the functional and business flows
- Worked on Electronic Health Record (EHR) applications
- Strong understanding and working experience on Windows Networking, Operating systems, Client / Server and Web application technologies and products

Technical Expertise

Domain Experience: Enterprise, Desktop Security Products, Health Care and Life Sciences, Cloud Migration

Software/Tools:

- Operating Systems - Windows, Macintosh, Linux
- Languages - C, Java, VB, HTML
- Database - SQL Server 2000/2005, Oracle 9i, MS Access
- Web / Application Servers - Microsoft IIS
- Test/Bug Reporting Tools - HP ALM / QC, Bugzilla, JIRA, Bugzero, Clear Quest
- Project Maintenance Tools - VSS, Live link , SharePoint

Experience

DXC Technology **July 2005 – Present**

Test Management Consultant/ Test Process Consultant

- Understand the overall IS organization’s QA needs

- Perform an assessment of existing QA models with in various functions
- Gather QA needs and requirements of the various business functions
- Perform Gap analysis and prepare a road map for implementations
- Standardize the QA processes, methods, tools across the organizations
- Define / tailor test metrics and measurement frameworks for respective project work streams
- Analyze the feasibility of the Requirements and Identify / define the scope for testing
- Prepared Assessment Report with Key findings, Process gaps and Recommendations
- Setting up Onshore / Offshore project models and successfully transforming the delivery model
- Create QA measurements / Metrics model to track the delivery excellence
- Create a centralized resource / capacity based plan
- Resource loading – Onshore / Offshore
- Develop Enterprise QA Test Strategies and Test Plans for specific project needs
- Responsible for QA delivery across various projects and business functions
- Monitor, measure the project delivery on an ongoing basis

Client: MD Anderson Cancer Center, Texas **May 2012 to Present**

Account Delivery Lead

Project Description: The University of Texas MD Anderson Cancer Center (colloquially MD Anderson Cancer Center) is one of the original three comprehensive cancer centers in the United States established by the National Cancer Act of 1971. It is both a degree-granting academic institution and a cancer treatment and research center located at the Texas Medical Center in Houston, Texas, United States. For nine of the past 11 years, including 2012, MD Anderson has ranked No. 1 in cancer care in the "Best Hospitals" survey published in U.S. News and World Report.

e-Research is an effort to upgrade and expand MD Anderson's clinical protocol management infrastructure. MD Anderson currently administers and manages protocols and protocol data using several independent software applications, namely PDMS, PDOL, CORe and FReD. These systems are often supplemented by other departmental systems that store study data for evaluation and analysis. The current information technology infrastructure does not meet today's requirements and seriously impacts the efficiency of the overall processes. Therefore, e-Research project is for building a comprehensive IT infrastructure that will efficiently support the entire life-cycle of clinical protocols. e-Research is an enterprise system that will deliver, in phases, an integrated portal that supports the Human Research Protection Program and clinical trials management

Role:

- Responsible for overall SDLC activities for the entire program
- Responsible for budget management and overall schedule of the program
- Lead requirement gathering discussions, interact with offshore team, development, business teams for all projects
- Responsible for analyzing the feasibility of the Requirements
- Identifying and defining the scope for testing
- Developing Test Strategy

- Responsible for complete Risk Management, identify risks and address them
- Process implementation and review of the Project’s process related documents
- Responsible for all planning project activities, review of test artifacts, deliverables which are being submitted to the client, interact with onsite coordinator and make sure that the deadlines and schedules are met
- Reviews bugs logged by team to make sure there is clarity and completeness of bug reports
- Participate in Defect Review Board meetings
- Performs/ coordinates demonstration to development team on questioned bugs
- Escalation point of Contact for Customer for Status Reporting and issue tracking
- Day to day oversight of Enterprise Cloud Migration Programs including all delivery activities, accountability for the success, execution and delivery
- Stood up PMO processes, reporting, and best practices
- Managed PMO staff of 10 responsible for delivering 65 in-flight migration and data and analytics projects
- Managed Project / Program Management Office (PMO), build out PMO processes, documents, templates and Cloud Migration and Data and Analytics Best Practice Guidelines
- Oversaw and plan all aspects of executing smooth Cloud Migration and Data Analytics projects while mentoring junior team members
- Managed demand planning and project scheduling for Professional Services Team of 60 members
- Managed Professional Services actuals vs. forecasts
- Analyze variance to baseline of projects weekly to provide corrective actions or mitigations

Client: AARP, USA **July 2013 to Mar 2014**

Delivery Manager

Project Description: AARP is a non-profit organization having more than 37 million members. Organization helps people in issues relating to healthcare, employment security and retirement planning.

Objective of the program was to move several mission critical applications and servers from their existing infrastructure to Cloud Environment. Scope included functional and performance testing of the 120 servers which were being moved to cloud. Cloud migration was to be carried out in 25 weeks with very limited window for Performance testing. At the same time we had frequent changes to the applications under test.

Role:

- Responsible for overall QA activities for the entire program
- Conducted due-diligence of customer’s application portfolio for the discovery phase
- Identified critical applications, test scenarios and tool compatibility during discovery and prepared road map for the execution phase
- Identified functional and performance requirements for the project
- Prepare detailed project estimations, timelines, technical / resource requirements
- Developed Project Plan and Test Strategy

- Participate in Defect review board meetings
- Participate in Steering committee review meetings along with technical, business users
- Review of QA deliverables

Client: Shire Pharmaceuticals, USA **July 2011 to Dec 2013**

Test Manager

Project Description: Shire is one of the world’s leading specialty biopharmaceutical companies with special focus on drug research and development for diseases like ADHD and several other serious and life-threatening conditions

Several state agencies and the federal government currently require the monitoring and disclosure of the value, nature, and purpose of spend (Spend data) incurred by pharmaceutical companies on individual healthcare professionals and institutions that prescribe, dispense, and / or influence the purchase of pharmaceutical drugs. Aggregate Spend is used to store all the information from various source feeder systems into an Operational Data Store, which will then be stored into Data Mart by verifying in compliance with the state, spend and federal regulations.

Role:

- Gathering requirements from LOB and review of the requirements
- Participate in Knowledge transfer sessions with development and business teams; impart the knowledge to team members
- Setting up Validation Test Center of Excellent and performing IQ, OQ’s
- Prepare and provide detailed estimations for the completion of project
- Identify the needed test processes and Implementing them
- Developing Project Plan, Software Test Plan and Test Strategy as deemed necessary for the project
- Owning the scheduling, status reporting and report the updates to client
- Participating in review meeting of design documents and share the feedback
- Reviewing software specifications, design documents, and software change requests
- Participating in Defect review board meetings
- Analyzing the technical issues to determine root cause and to provide resolution
- Generating and maintaining project status reports including various metrics such as bug progression, defect rejection, defect slippage etc.
- Providing smooth transaction of communication between offshore and onsite teams
- Preparing and sharing the VandV report to Client

Client: United Health, UK **Nov 2010 to Dec 2014**

Test Manager

Projects

Electronic Referral System (eRS) - The eRS processes incoming referrals from primary care (General Practitioners), secondary care (Consultant to Consultant), Consultant Nurses, Dentists and Community Care. These referrals can then be validated for correct information before a clinical review of the referral to confirm if the referral meets the end customer’s clinical guidelines. The referral can then be onward processed either using the NHS Choose and Book system or by forwarding the referral to the appropriate care provider

HNR (HealthNumerics-RISC) – HNR is a web based reporting tool designed to support the planning and management needs of Commissioners, Trusts, GP Consortia and their care delivery partners. The product aims to provide objective information on the health needs and service usage to various user groups to support them to monitor, evaluate and identify potential actions to improve the capacity and delivery of health care services. This application uses data extracts generated from Data Warehouse and loaded to SQL Server.

HNA (HealthNumerics-Analytics) - HNA is a comprehensive population based health measurement solution providing healthcare organizations a platform in which to bring together disparate data sources to capture trend data across care pathways, measuring both activity and cost, enabling them to drive business decisions through understanding true, local and national data over time. HealthNumerics-Analytics provides the information in a straight-forward manner that is simple to manipulate allowing for the answer to a wide range of business questions. These reports are implemented using Cognos.

HealthNumerics - AIV (Acute Invoice Validation) - AIV is a dynamic rules-based acute invoice validation system that will provides a robust challenge identification capability, and the flexibility to define new challenges on an ongoing basis

Client: IDEXX Laboratories, USA **Apr 2010 to Sep 2011**

Test Manager

Projects

VetLab Medical Devices Testing Project - Setting up of offshore lab and testing of embedded software on all the medical devices. Following GCP, GLP practices while working with the consumables.

Practice management testing Project - Functional testing of the application that is used for managing a clinic which involves Member management, scheduling visits, report generation etc.

Image and Radiology Device Testing Project - (IDEXX VDIC, IDEXX PACS, IDEXX Cornerstone, IDEXX Equiview products). Testing of Picture Archiving and Communication System for its functionality, connectivity to XRAY scanners and DICOM functionality.

IVLS Automation Project - Automation of IVLS application for testing the functionality and managing the device connectivity

Transition Manager

Profile Summary

Total experience: 29 Years **DXC experience:** 29 Years

Current Job Title: Project Manager III

Experience summary

- Over 29 years' experience with DXC, working in various areas from; Insurance, Commercial, Federal Government, Automotive, and Locomotive industries
- Performed multiple roles- Business Analyst, Systems Engineer, Data Base Analyst, and Project Manager
- Proven Program and Project Manager, who has successfully implemented large mission-critical information technology projects providing measurable business value
- Developed winning technology strategies in response to business challenges and opportunities using excellent leadership, interpersonal, project management, problem-solving and team-building skills

Skills

Top Skills (Technical/ Nontechnical skills)

- Skill 1 – Project Management (17 years)
- Skill 2 – Strategic and detailed project planning (20 years)
- Project Management Methodologies, Risk, Issue and Contingency Management, Estimating, Budgeting and Variance Analysis of large and small Information Technology initiatives (17 years)

Technical Expertise

Industry Experience:

- Insurance – 10 years
- Commercial – 4 years
- Federal Government – 7 years
- Automotive – 7 years
- Locomotive industries – 1 year

Experience

DXC Technology **1989 – Present**

Global Transformation Service (GTS)/ Program Portfolio Management, Clinton CT

Project Description: GTS Program Portfolio Management Office focuses on significantly reducing the risk associated with Transition and Transformation initiatives. This was done by instituting a rigorous process covering early issue identification and intervention, notification/ escalation, highlighting gaps or missing steps, and ultimately making recommendations that can lead to expedited resolutions to provide successful delivery.

Roles and Responsibilities:

- As a program manager, led the creation of a GTS Transition and Transformation Program for PPMC at Deployment and Standardization, taking over full responsibility after a short time
  - This included the development of key instruction standards documentation proven using EMEA and AMS deployment pilots
  - This material was then used as a basis for the deliverables in Instructor-led onsite and virtual trainings, Train the Trainer style workshops. These trainings were conducted for several months as part of the Transition and Transformation initiatives.
- As the Service Transition Manager, worked with the Global PPMC to implement much needed enhancements, thus improving the overall user experience
  - From the Operations perspective, developed the communications model for audit reporting of standards and the governance process
  - This initiative involves QlikView reporting against data pulled from PPMC and validated against the defined Transition and Transformation Standards, for audit and escalation of clarifications and resolution
- Responsible for PPMC- Transition and Transformation Program deployment processes and future standardization
- Responsible for all initiate, planning, execution and close down activities for onsite, hands on training, and shadowing of Program deployment initiatives within EMEA and AMS. This included the capturing and process update research for each deployment's Lessons Learned data.
- Delivered all virtual workshop training for APJ Transition and Transformation PPMC
- Aided in the development of Governance Auditing Guidelines and Status Reporting of Transition and Transformation PPMC
- Developed communications structure within each region for high-level and detailed Communications Management
- Developed and implemented Transition and Transformation Command Center integration practices, to include auditing procedures, research to resolution practices and communications management

Navy Marine Corps Internet (NMCI), Clinton, CT

Project Description: Provide comprehensive IT services through a unique, long-term seat management contract that is based on a commercial IT services model. Manage all of NMCI's required infrastructure components and all IT operations, training, maintenance and systems upgrades. Provide standardization and interoperability across the Department of the Navy.

Roles and Responsibilities:

- As program manager, responsible for the transformation of the Navy's Line of Business Portals
  - This initiative allowed for the migration to a new platform, as well as, the consolidation of three Enterprise level portals
  - Management of infrastructure projects including: Planning, building, operating and maintaining mission critical operating systems, implementation of global monitoring for core domains (i.e., network, platform, database, web services) and storage infrastructure initiatives
  - Defined processes and procedures for new Program Office, to make all communication has standard presentation
  - Built team and assignments matching skill set and knowledge base per initiative
  - Conducted reviews with Client to make sure Acceptance Criteria is approved, thus securing full payment of all deliverables

- Oversee all phases of program and projects covering initiation, planning, executing, controlling, and closing
- Monitor and summarize progress of projects
- Make sure all project objectives and requirements are properly documented in the Project Charter, scope, and financial documentation
- Facilitate communication with all stakeholders
- Function as primary liaison for client, vendor as well as internal engineering and support teams
- Coordinate assigned project team members for timely completion of activities, and efficient use of time and resources to meet requirements
- Prepare business cases, coordinate RFP processes and manage vendor relationships
- Manage portfolio of projects and cross function staff in a matrix environment for high quality and client satisfaction throughout the TDLC
- Lead “retrospectives” after project conclusion

MassMutual Financial Systems, Enfield, CT

Project Description: Manage MassMutual’s Disability Income (DI) line of business from the Service Management Center (SMC) in Plano, Texas. Host the Insurance Machine application, a COBOL/ IMS system, from the late 1980s. Currently, the team is providing application maintenance for the current environment, service transformation and application modernization to support the client’s new business model. The engagement has been awarded the Service Excellence award for blue or excellent customer satisfaction for over 3 years running.

Roles and Responsibilities:

Primary onsite Enhancements Manager responsible for:

- Client relationship, principle backup to Client Delivery Executive, Program Management and Production Support
- Lead team in resource and cost estimation, schedule development and management, resource allocation, conflict resolution, monitoring, controlling and reporting progress of the project
- Managing and developing Information Technology Enhancement Projects at both on-site and off-site
- Providing assistance in all personnel functions including hiring/ firing, performance appraisals/ reviews and salary administration
- Managing and maintaining budget, detailing actual to variance for individual initiatives
- Developing standardized process for various items needing definition- estimating and ball parking process for management presentation and approval
- Facilitating timely completion of all project milestones, planning work objectives considering cross-project dependencies, acquiring resources, controlling project execution, tracking and reporting project metrics, analyzing results and issues management
- Controlling project budgets and financial tracking of resources, hours, and expenditures
- Coordinating with internal teams, vendors and client teams to facilitate the design and implementation of all assigned projects
- Conducting contingency planning/ scenario analyses to obtain solutions while keeping assigned projects on schedule and within budget
- Supporting additional external account team during contract transition period, providing project management, budgeting and resource tracking processes to make sure projects remain on track

General Motors (GM) Vehicle Order Management (VOM)/ Sales Planner Allocation (SPA), Southfield, MI

Roles and Responsibilities:

As an Information Analyst responsible for:

- Providing 24 hour on-call support, research, planning, development, testing and implementation of problem resolution
- Using the process established in the Capability Maturity Model (CMM) Level 2 as well as Systems Life Cycle (SLC) interact with various customers to gather requirements, design and implement a resolution to a customer need

General Motors (GM), Warren, MI

Roles and Responsibilities:

As a project lead responsible for:

- Transferring into the Technical Foundations Training program, this assignment allowed focus to gain the skills necessary to enter the second phase of training
- Serving as the primary contact for the General Motors customer and contractors, to design, obtain connectivity and advertise the client’s new application
- Resolution of all dealer software issues including updates, billing, performance, and individually representing the customer application at Automotive Conventions

Ameritech, Arlington Heights, IL

Project Description: With the introduction of the Wireless Information Network Generation Solution (WINGS) EDS would create a cellular billing system solution to include support

Roles and Responsibilities:

As an Assistant Project Manager responsible for:

- Planning, designing, forecasting and developing new customer support help desk
- Creation of new Standard Operating Procedures manual, instruction materials for help desk employees and application training manuals

Certifications

- EDS Technical Foundations Training program – 1998
- EDS Project Management - 1999

Transition Manager 2

Profile Summary

Total experience: 38 Years **DXC experience:** 15 years

Current Job Title: Program Manager IV

Experience summary

- PM is a PMP certified project manager since March 2014
- Led large technical projects, service transitions, data center migrations, business recovery exercises and managed cross-functional teams in delivery of technical services to a vast array of clients in the energy, transportation, manufacturing, defense and communications industries

Skills

Top Skills (Technical/ Nontechnical skills)

- Project Management – 28 years
- Data Center Migrations (mainframe and server) – 18 years
- Budget Management – 20 years
- Business Pursuit – 8 years

Key Roles Performed

- Project Manager – 20 years
- Data Center Management – 8 years

Technical Expertise

Industry Experience:

- Defense Experience – 9 years
- Telecommunications – 5 years
- Energy – 7 years
- Transportation – 3 years
- Manufacturing – 3 years

Experience

DXC Technology **Feb 2013 – Present**

ES Americas PPM/ Transition and Transformation

Currently serving as a Customer Project/ Program Manager supporting various Transition and Transformation projects

- Served as the Hosting PM for the GenOn/ NRG migration project. This project scope was to manage support transition of infrastructure, hosted in the Customer's remote plant locations. The scope also included providing managed services for Azure R2 offering Infrastructure to support workloads, with Azure serving as the primary Data Center.
- Served as the Hosting PM for the Tesoro migration project. This project scope included establishing a Traditional Hosting environment in the HPE Tulsa Data Center to host the Tesoro compute

infrastructure currently residing in Schertz and Dallas. Additionally, established a hosting environment in the HPE Alpharetta Data Center for data replication and nonproduction server hosting.

- Served as the Mainframe Transition and Transformation PM for the SWA migration project. This included setting up new mainframe, tape and SAN in the HPE Cherokee and Mingo Data Centers.
- Served as the Mainframe Transition and Transformation PM for the AVON migration project. This project provided mainframe services on the client's current mainframe in the Client's Data Center.
- Served as the Mainframe Transition and Transformation PM for the GE migration project. This included setting up new mainframe, tape and SAN and eventually moving 14 LPARs and over 100TB of data from the client owned Data Center to the HPE Data Center in Plano, TX.

Americas ITO Delivery **Apr 2006 – Jan 2013**

Supported the BP client as a Program/ Portfolio Manager, accountable for a portfolio of projects within the Upstream and Integrated Services and Trading segments. Portfolio responsibilities included:

- Engagement of leveraged project and technical resources from best shore and domestic locations
- Compliance to account commitments
- Maintaining positive client relationships and delivering exceptional services
- Led two major, high visibility projects to deploy critical compute infrastructure on relief well drill ships during the BP Deepwater Horizon oil spill crisis. Project delivery exceeded client expectations and was recognized as a key contribution by BP Executives.
- Served as a subject matter expert (SME) for Project Delivery Services on the contract pursuit team and was a key member of the account startup/transition team.
- Responsible for the Americas regional deployment of the HP project services model transitioning over 300 in-flight projects from an incumbent supplier and development of a team of more than 20 project management resources.

US Service Delivery – SW Region **Jan 2003 – Mar 2006**

Senior Project Manager, responsible for multiple service delivery and infrastructure projects across a regional client base

- Served as infrastructure Project Manager for deployment of a data network to support new Shares B airline client implementation. Performed site surveys, network design, solution development and deployment at multiple client locations throughout the Caribbean. Coordinated procurement/ deployment of 25 UNIX and Windows servers at the Charlotte SMC to support a new transportation client offering.
- Provide Transition Leader support at the Bureau of Alcohol, Tobacco and Firearms account for the South Texas region. Successfully transitioned desktop support services for the client's nine regional field offices to a leveraged EDS call center model, utilizing a third party provider for break/ fix services. Was granted a "Secret but Unclassified" (SBU) government security clearance.
- Served as Tower Leader for the Mainframe Computer Services and Print Center teams at the Continental Airlines account supporting mission critical operational and revenue accounting systems. Achieved all SLA and financial targets, through effective variance/ outlook reporting and implementing productivity efficiencies.

Certifications

- Project Management Professional (PMP) – 2014

Migration Lead

Profile Summary

Total experience: 31 Years **DXC experience:** 24 Years

Current Job Title: Mainframe Chief Architect

Skills

Top Skills (Technical/Nontechnical skills)

- Mainframe Infrastructure- 31 years
- IMS Systems- 31 years
- DB2/MQ Systems- 27 years
- Manufacturing, Transportation, Finance, Healthcare industries- More than 20 years

Experience

DXC Technology **Nov 2012 – Present**

Mainframe Chief Architect

- Currently the Chief Architect for DXC's Global Migration Capability, supporting our clients throughout the lifecycle, our offerings, and our delivery teams in providing Managed Mainframe Services
- Architect for the Global Mainframe Capability working with our Portfolio, Engineering, Delivery, and Sales teams
- Setting direction for mainframe products and recommending directions for a competitive offering
- Key participant in the Mainframe space for the 2017 formation of DXC (HPE ES and CSC merger)
- Engagement with clients on sales pursuits, implementing new technologies, and solving business problems

Hewlett Packard / Electronic Data Systems **June 1994 – Nov 2012**

Capability Manager and Systems Architect

- Led Transaction and Database Systems (TDS) Capability - Infrastructure Service Line / ITO Delivery
- Responsible for HP/EDS Repository for Mainframe TDS software, and level 3/ 4 escalation globally
- Participate in vendor design reviews and pre-GA activities positioning for future releases
- Collaborate with Mainframe offering on templates, upgrade directions, and new technologies
- Provide mentoring and training to extended team members/ software teams
- Participate in new business deals, migrations, transformations, account and client presentations

Xerox **June 1987 – June 1994**

Systems Programmer

- Positions included: Xerox TDS Software Team Lead; Auburn Hills IMS/ DB2 Team Lead; IMS Product Line Coordinator; TDS Capability Manager

- Systems Programmer for IMS and DB2 including installation, maintenance, performance tuning
- Leader of IMS Performance Team – a cross discipline team responsible for insuring SLA's were met/exceeded. Recognized as a "Team Excellence" team by Xerox
- Received Xerox GSD Customer Service Award and multiple Peer Recognition awards for accomplishments

Education and Certifications

Bachelor of Science, State University of New York at Albany (May 1987)

Technical Lead

Profile Summary

Total experience: 20 Years **DXC experience :** 13 Years

Current Job Title: Global Account Application Delivery Leader

Experience summary

- Versatile leader with over 20 years proven expertise in IT Infrastructure and Applications Management, Large Global Delivery, Business Development, Outsourced IT Services
- Hands-on leadership style to continually drive global distributed teams towards performance excellence
- Driven strategic initiatives (e.g. Labor pyramid optimization, delivery center consolidations, SixSigma, ITIL methodologies) to produce 10% annual productivity and profit gains, improve year of year NPS scores, and achieve below market attrition levels
- Experienced in providing Technical and Delivery leadership to Enterprise Information Systems comprised of cloud services, cloud platforms and products, Analytics, CRM, EAS, EAI, Security, Internet and Mobility
- ITIL V3 with significant experience in operational support of IT applications
- Highly experienced at transformation strategies for Client “technical” debt and the adoption and execution of the “New style of IT” strategy (Digital Transformation, DevOps)

Technical Expertise

Competencies:

- Large Scale Global Delivery – Onsite/ Offshore
- Service Level Management
- IT Enterprise Strategy and Governance
- Outsourcing and Establishing Shared Services
- ITIL (Service Desk, Incident, Problem, Change)
- Automation (Application, Infrastructure) and DevOps
- IT Service Management and Transition Management
- Strategic Vendor Management and Relationship Management
- Extensive P/L and Financial Management
- SDLC

Software/ Tools:

- EAS – SAP R/3, PeopleSoft, Salesforce
- EAI– TIBCO, SunJcaps, Dell Boomi, WebMethods, IBM MQ
- Business Intelligence/ ETL – Cognos, Datastage, Oracle Exadata, Bluedata
- Mobile – Kony, Phonegap, SAP
- Security –LDAP, Siteminder, Okta, RSA Secure ID
- OS – Windows, UX (HP, Linux, IBM AIX, SunSolaris), IBM Z/OS
- Network – Firewall Rules, Load Balancers (F5,Cisco)

- ADRP – Application and Infrastructure
- Application– WebLogic, JBoss, WebSphere, Apache, IIS, Java and .Net
- Service Desk Tools (ServiceNow, HP Service Center, HP OVSD, IBM ISM)
- DB – Oracle, SQL, Sybase
- Monitoring Tools –Dynatrace, BMC, APM, Splunk, Site Scope, IBMTivoli, GuiNav, Fog light, Tealeaf , Alert site, Solarwinds, AppDynamics
- Batch Scheduling – Tidal, Autosys, TNG, Automic
- MFT – EDS Elit, WS FTP,SFTP, Tumbleweed
- Methodology – DevOps, ASAP, SDP-21, Agile, EDGE (SDLC Process), Waterfall, ITIL V3

Experience

DXC Technology **2015 – Present**

Global Account Application Delivery Leader, General Motors and Opel Vauxhall Financial Accounts

Lead Delivery responsible for:

- Overall delivery and client management of an Application Management and Development contract for a global financial client in various EAI, web, J2EE, B2C, .Net, EAS and Portal technology
- Automation through custom/ standard tools provided integrated, end-to-end views of critical applications and services across all layers of the applications and infrastructure, facilitating collaboration across operations teams and application owners
- Grow the Business by developing a deep understanding of client business and competitively addressing the needs of customers
- Advise clients on strategies to produce business outcomes by embracing transformation to the “New Style of Business” through the use of Cloud, Mobility, Analytics, and Security
- Manage the daily aspects of application sustain and development enhancements services provided by a team of over 120 people to achieve 99.99% application availability and operational efficiency while exceeding SLAs
- Best Practices/ metrics managed and maintained an ITIL/ IT Service Management framework that led to performance improvements and service availability in support of organizational goals
- Drive innovation through client-centered innovation agenda, targeted Proof-of-Concepts, focused investments, company offerings, and partner engagements
- Achieve targets by managing P/L and achieving profit, TCV, and customer satisfaction objectives

Hewlett Packard Enterprise Services **2013- 2015**

Global Application Sustain Delivery Leader – Ally Financials Account

Provided leadership, program management, and advisory expertise for delivery of Application Sustain services across North America, Latin America and Europe and Asia Pacific. Responsible for:

- Overall delivery and client management within Application Sustain organization including annual P/L and manage over 300 resources

- Streamlined the Application Sustain organization by allocating the right resources to key onshore and offshore centers improving productivity, reducing eyes on glass monitoring, manual tasks, and overhead
- Was involved in vendor management for contract, rate and SLA discussions
- Global Delivery of IT services with Quality processes, Risk and Compliance management and internal and external Governance

Hewlett Packard **2009- 2013**

Regional Delivery Leader – Ally Financials Account

- Led the Application Management Services North America Region for minor and major enhancements involved with the ongoing delivery of application support at Ally Financials
- Provide guidance for application life-cycle support, project management, monitoring, troubleshooting, change and enhancement of packaged and custom applications
- Provide full range of Service Management functions required for service delivery compliance to budget, quality standards and committed service levels on an on-going basis

Hewlett Packard - Detroit, MI **2005 - 2009**

Service Manager - General Motors Acceptance Corporation Account

The application portfolio consisted of over seventy systems running on multiple platforms including web, client server and mainframe platforms. Responsible for:

- Application Sustain operations for GMAC ecommerce Applications and Business Intelligence Applications
- Leading Application sustain team consisting of sixty five resources located in the United States and India

Wipro Ltd - Detroit, MI **2001 - 2005**

Global Operations Manager - General Motors Account

Responsible for:

- Executing end-to-end Integration strategy and solutions for GMs' Global Integration Factory (GIF) using SeeBeyond (Sun Jcaps) as the EAI tool. This involved integration across GME, GMAP, GMNA, OnStar
- Establishing relationships with Senior Managers and Director level clients to review Operational and in-flight project escalations
- Developing error handling and Automation for Integration with SAP R/3, People Soft, Siebel, DB2, Sybase, Oracle, Http(s), IMS, FTP, Batch, Data stage and web, COTS products
- Managing Global Integration Factory Operations with over 100 resources across US, India, UK, Australia with consistent processes and tools
- Streamlining the Sustain organization by focusing all resources to key onshore and offshore centers-improving productivity, reducing resource training time, and reducing overhead
- Developing solutions to resolve SEV 1, 2, 3 incidents within prescribed timeframes

Education and Certifications

B.S in Computer Science – Sri Venkateswara University, India

Training and Certifications

- EAI (SeeBeyond) certified
- ITIL V3 Foundation
- Certified Hewlett Packard Spartans White Belt

Testing and Quality Assurance Manager

Profile Summary

Total experience: 28 Years **DXC experience:** 12 Years

Current Job Title: Quality Assurance Manager

Experience

DXC Technology **Nov 2013 – Present**

Systems Manager/ PMO Manager/ Quality Assurance Manager

Responsible for:

- Managing 3 year DDI project for the DE Department of Human Services
- Management of P/L, leading and directing a team of over 100 employees and contractors
- Daily interaction with end users to achieve the business goals and objectives defined
- Working with client and business partners on requirements definition, directly managing the design and customization of the interchange transfer system to meet the business needs for the State of DE
- Managing system testing efforts and working directly with the client to determine strategy and approach for UAT testing

Hewlett Packard – Mount Laurel, NJ **Sept 2009 – Oct 2013**

Service Delivery Executive/ Project Manager (Eligibility System using Cúram Framework)

Responsible for:

- Managing 4 year DDI project for the NJ Department of Human Services using Cúram 6.0 Framework
- Management of P/L, leading and directing a team of over 100 employees and contractors
- Daily interaction with 8,500 end users to achieve the business goals and objectives defined
- Working directly with client and business partners on requirements definition, directly managed the design and customization of the Cúram product to meet the business needs for the State of NJ
- Managing the conversion effort, consolidating millions of case records from 16 legacy systems into one consolidated integrated case
- Managing system testing efforts and working directly with the client to determine strategy and approach for UAT testing
- Setting up the Helpdesk in preparation for user pilot and Statewide Implementation
- Managing and directing the Implementation effort across 21 counties for the State of NJ to provide operational readiness for 10/1/2013 go-live

EDS, an HP Company - Cherry Hill, NJ **Sept 2008 – Sept 2009**

Service Delivery Executive – EHRO Health and Welfare

Responsibilities include:

- Interacting with clients directly to determine business needs
- Interacting with third party vendors in support of client business needs

- Managing professional staff (15 onshore FTEs and 11 off shore FTEs) in the development and daily support of benefits administration applications for 11 clients
- Supporting fall annual enrollment for 11 clients with average participant population of 40,000
- Interacting with end client on scheduling prioritization of work requests, issue resolution, etc.
- Resource assignments and timely implementation of client deliverables
- Participating with senior leadership team in organizational design/ restructure
- Providing daily resource management and people care, including HR issues
- Working with team members on career development plans and strategy
- Conducting semi-annual performance assessments and compensation management
- Providing executive summaries and RCA on severity 1 production outages
- Managing and adhering to Department's financial budget
- Working with team members on implementing best practices
- Managing the coordination and integration of all work teams and assists with the continual alignment of work teams to business goals and objectives
- Consolidating and coordinating the management of project deliverables, risks, costs, quality, knowledge coordination, issues, escalation and project scope among multiple teams
- Preparing consistent and timely communication for client, business partners and eHRO senior leadership team
- Facilitating quarterly business reviews with client
- Reporting to Account Executive and Senior eHRO leadership on the overall health of the client relationship

EDS, an HP Company Cherry Hill, NJ **Feb 2006 – Sept 2008**

Technical Delivery Team Manager – EHRO Health and Welfare

Responsibilities include:

- Managing professional staff of 24 direct reports in multiple locations
- Coordinating and managing client requests and translating business requirements into technical requirements for team
- Implementing both strategic and tactical technical solutions to meet client needs
- Participating/ facilitating technical design sessions
- Managing a total of 12 health and welfare client relationship on a day to day basis
- Participating in resource planning and client demand on a quarterly basis
- Participating in organizational process improvement initiatives

QAEdge, Inc., Wilmington, DE **Dec 2004 – Feb 2006**

Operations Manager

Responsibilities include:

- Managing professional staff (12 direct FTEs and 32 indirect FTEs) in the development and daily support of client applications in FDA regulated environment

- Monitoring project status through cost/ benefit analysis, detailed project plans, time and resource allocation, risk mitigation planning, scope change management and frequent communication with stakeholders
- Providing monthly metrics on job costing, resource utilization, staffing requirements, etc.
- Meeting perspective clients to determine User Requirements, Project Scope and prepare proposals for submission to respective clients
- Conducting employee evaluations and preparing individual development plans
- Transforming corporate accounting systems, documenting all in-house operating procedures, managing the billing of all client accounts and providing financial reporting to Senior Management
- Providing training sessions for internal team members and clients on 21 CFR Part 11 Compliance

QAEdge, Inc., Wilmington, DE **Dec 2003 – Dec 2004**

Sr. Project Manager/ Sr. Validation Specialist

Responsibilities include:

- Managing all phases of SDLC for various pharmaceutical clients
- Providing guidance on Corporate Directives and requirements across international Pharmaceutical firms
- Managing the communications, quality and project schedule for clinical trial project for client
- Organizing and leading work groups involved in clinical trial projects
- Meeting cross-functional business SMEs for requirements gathering and work flow analysis
- Creating process flow diagrams for business processes and systems overview
- Writing and reviewing standard operating procedures, process risk documents, test plans, scripts and use case scenarios
- Developing process controls, tests and risk/ mitigation matrices
- Managing interactions with outsourced suppliers of clinical trial projects, as required
- Coordinating UAT and SAT execution and analyzing test results to determine deviations, failures and documenting root cause analysis and correction action plans
- Performing QA/ QC review of entire validation body of evidence
- Tracking project status, monitoring statistics and metrics for reporting to senior management

Sr. Validation Consultant/ Sr. Project Manager **May 2003 – Dec 2003**

Acted as a Validation Consultant/ Project Manager for the design, test and validation of a custom software application to be used in a Phase III clinical trial for Pfizer, Inc.

Responsibilities included:

- Working with global development teams to design, develop, test and implement a Reading Station application according to User Requirement Specifications
- Managing the entire validation effort, making sure all aspects of the client SDLC and computer system validation methodologies were achieved
- Developing and implementing SOPs for SLC, change control, system administration, security, business continuity and disaster recovery for Wake Forest University and the Julius Center, Utrecht

- Conducting SOP and 21 CFR Part 11 compliance training for the academia centers participating in clinical trial
- Initiating and negotiating contract pricing with third party vendors (e.g., software, software escrow, etc.)
- Providing hardware recommendations, quote and negotiating pricing with vendors

Sr. Project Manager **Sept 2002 – May 2003**

Acted as a Validation Consultant/ Project Manager responsible for the on-going production system support/ enhancement to a custom designed software application, in support of a pivotal clinical trial for AstraZeneca. Responsibilities included:

- Coordinating project activities and gaining approvals from clients located in both the US and UK
- Managing change control, ongoing enhancements/ problem resolution, re-validation efforts and updating user requirements
- Incorporating Visual Basic software code changes
- Problem reporting/ resolution
- Updating validation documentation
- Conducting system regression testing

IBM Global Services, Wilmington, DE **Apr 2001 – Sept 2002**

IT Project Manager – Mainframe and Distributed (Intel, Unix, AS/400)

Responsible for:

- Planning and coordinating the technical transition of client Data Center to the IBM Data Center located in Southbury, CT
- Developing overall project plan including schedule, resource plan, communication plan, budget, risk assessment
- Providing recommendations to client on opportunities for hardware consolidation
- Coordinating work efforts across multiple business units and IT segments
- Identifying, managing, escalating and communicating risks, issues, project constraints and critical path to appropriate business leaders
- Facilitating weekly town hall meetings with client and business leaders to share project status, milestones and address issues/ concerns
- Developing and communicating project status updates to client and business leadership team to provide accurate and timely updates for projects
- Managing the day to day deliverables of cross-functional teams
- Providing direction, oversight and general leadership to team members
- Reviewing and delivering all project work products
- Providing project deliverables in compliance with IT Standards, Best Practices and 21 CFR Part 11 Compliance for regulated industries
- Participating in review and execution of infrastructure qualification protocols pre and post relocation
- Coordinating the server qualification efforts and obtaining customer approval on the qualification plan

- Working with system owners for having all technical, end user, back-out and disaster recovery test plans, submitted and executed where applicable
- Providing recommendations for system performance testing, reverse latency testing, etc.
- Coordinating testing efforts with external trading partners

IBM Global Services, Voorhees, NJ **Apr 2000 –Apr 2001**

Distributed Database/ Middleware Support, Systems Management Professional – ADV in support of ACE Insurance Co.

Responsible for:

- Supporting/ maintaining 30 middleware servers throughout the country
- Designing, testing and implementing data transfer processes in the distributed and mainframe environment
- Providing global support for middleware software (Connect: Direct and Direct Connect)
- Providing data efficiency recommendations to external customers for bulk data transfers in support of the ACE account
- Providing global support for internal and external customers

Education and Certifications

Training

- Requirements Determination
- Defining Project Scope
- Software Life Cycle
- FDA Compliance Training
- Doctronics Managing ER/ES
- Conflict Resolution
- Contingency Planning
- Managing Personal Growth
- Corporate Culture
- Managing Relations
- 21 CFR Part 11 and computer validation
- Fundamentals of Six Sigma
- Member: DIA

ID		Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
1			**MAC DC Migration Plan**	**395 days**	**Mon 4/1/19**	**Fri 10/2/20**		
2			**Plan**	**4 days**	**Mon 4/1/19**	**Thu 4/4/19**		
6			**Kick off Meeting and Stakeholder analysis**	**1 day**	**Fri 4/5/19**	**Fri 4/5/19**		
8			**Governance Setup**	**2 days**	**Mon 4/1/19**	**Tue 4/2/19**		
11			**Project Plan Development**	**9 days**	**Wed 4/3/19**	**Mon 4/15/19**	**10**	
17			**Discovery Phase**	**24 days**	**Mon 4/15/19**	**Fri 5/17/19**	**16**	
18			Preparatory meeting for discovery phase	1 day	Tue 4/16/19	Tue 4/16/19		
19			Deployment and configuration of discovery tools	3 days	Wed 4/17/19	Fri 4/19/19	18	
20			Run the discovery tools in co-ordination with DIS PM	3 days	Mon 4/22/19	Wed 4/24/19	19	
21			Assess the progress of discovery and make correctior	5 days	Thu 4/25/19	Wed 5/1/19	20	
22			Finalize the discovery report - Deliverable	5 days	Thu 5/2/19	Wed 5/8/19	21	
23			Deliverable - Interview Schedules, Application Server	0 days	Mon 4/15/19	Mon 4/15/19		Project Manager
24			Validate the discovery report with DIS PMO/Stakehol	7 days	Thu 5/9/19	Fri 5/17/19	22	
25			**Assessment Phase**	**102 days**	**Mon 5/20/19**	**Tue 10/8/19**	**17**	
26			**Current Environment Assessment**	**22 days**	**Mon 5/20/19**	**Tue 6/18/19**		
27			Assessment of DC location, infrastructure	3 days	Mon 5/20/19	Wed 5/22/19		
28			Application analysis and infrastructure mapping	3 days	Thu 5/23/19	Mon 5/27/19	27	
29			Understand the application, future consolidation c	3 days	Tue 5/28/19	Thu 5/30/19	28	
30			Analysis of current state and future requirements	3 days	Tue 5/28/19	Thu 5/30/19	28	
31			Review of initial floor plans for DC	2 days	Fri 5/31/19	Mon 6/3/19	30	
32			Meetings with DIS DC team regarding needs for IT	3 days	Tue 6/4/19	Thu 6/6/19	31	
33			Review of space, power and cooling statistics for e	3 days	Tue 6/4/19	Thu 6/6/19	31	
34			Review of high level estimate of space and power	3 days	Fri 6/7/19	Tue 6/11/19	33	

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	┌─┐	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

ID	ⓘ	Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
35			Discussions with DIS team on the requirements an	5 days	Wed 6/12/19	Tue 6/18/19	34	
36								
37			**Applications Domain**	**12 days**	**Wed 6/19/1**	**Thu 7/4/19**	**26**	
38			Research and Understand the application landscap	5 days	Wed 6/19/19	Tue 6/25/19		
39			Obtain the complete map of application to infrastr	3 days	Wed 6/19/19	Fri 6/21/19		
40			Discussion with application team at DIS to underst	3 days	Mon 6/24/19	Wed 6/26/19	39	
41			Documentation request	1 day	Thu 6/27/19	Thu 6/27/19	40	
42			Review of documentation	5 days	Fri 6/28/19	Thu 7/4/19	41	
43			**Middleware Domain**	**11 days**	**Fri 7/5/19**	**Fri 7/19/19**	**37**	
44			Research and understand the middleware landsca	3 days	Fri 7/5/19	Tue 7/9/19		
45			Obtain the complete map of application to middle	3 days	Fri 7/5/19	Tue 7/9/19	39	
46			Discussion with application team at DIS to underst	3 days	Wed 7/10/19	Fri 7/12/19	45	
47			Documentation request	2 days	Mon 7/15/19	Tue 7/16/19	46	
48			Review of documentation	3 days	Wed 7/17/19	Fri 7/19/19	47	
49			**Network / Communications Domain**	**6 days**	**Wed 6/19/1**	**Wed 6/26/1**	**26**	
50			Research and understand the complete network a	3 days	Wed 6/19/19	Fri 6/21/19		
51			Confirm understanding of full network infrastructu	3 days	Mon 6/24/19	Wed 6/26/19	50	
52			Review existing system documentation	1 day	Mon 6/24/19	Mon 6/24/19	50	
53			Conduct follow-up interviews	1 day	Tue 6/25/19	Tue 6/25/19	52	
54			**Platform (Server & Storage) Domain**	**15 days**	**Wed 6/19/1**	**Tue 7/9/19**	**26**	
55			Research and understand the complete platform a	5 days	Wed 6/19/19	Tue 6/25/19		
56			Conduct interviews with key resources from infras	3 days	Wed 6/19/19	Fri 6/21/19		
57			Documentation request	2 days	Mon 6/24/19	Tue 6/25/19	56	

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	⎴	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	⎴	Manual Summary Rollup	▬	Progress	─
Project Summary	⎴	Manual Summary	⎴	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

ID	ⓘ	Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
58		➔	Review existing system documentation	5 days	Wed 6/26/19	Tue 7/2/19	57	
59		➔	Conduct follow-up interviews	5 days	Wed 7/3/19	Tue 7/9/19	58	
60		➔	**Data Centre Domain**	**14 days**	**Wed 6/19/1**	**Mon 7/8/19**	**26**	
61		➔	Research and understand the auxillary elements fc	3 days	Wed 6/19/19	Fri 6/21/19		
62		➔	Interviews with key resources from DC manageme	3 days	Mon 6/24/19	Wed 6/26/19	61	
63		➔	Documentation request	2 days	Thu 6/27/19	Fri 6/28/19	62	
64		➔	Review of documentation	3 days	Mon 7/1/19	Wed 7/3/19	63	
65		➔	Conduct follow-up interviews	3 days	Thu 7/4/19	Mon 7/8/19	64	
66		➔	**Infrastructure Security Domain**	**10 days**	**Wed 6/19/1**	**Tue 7/2/19**	**26**	
67		➔	Understand the complete security layout and futu	3 days	Wed 6/19/19	Fri 6/21/19		
68		➔	Discussion with key security consultants with the [	3 days	Wed 6/19/19	Fri 6/21/19		
69		➔	Documentation request	1 day	Mon 6/24/19	Mon 6/24/19	68	
70		➔	Review of documentation	3 days	Tue 6/25/19	Thu 6/27/19	69	
71		➔	Conduct follow-up interviews, if required.	3 days	Fri 6/28/19	Tue 7/2/19	70	
72		➔	**Infrastructure Management and Governance Domai**	**5 days**	**Tue 7/9/19**	**Mon 7/15/1**	**60,66**	
73		➔	Understand the Infrastructure managmenet and g	3 days	Tue 7/9/19	Thu 7/11/19		
74		➔	Documentation request	2 days	Tue 7/9/19	Wed 7/10/19		
75		➔	Review of documentation	3 days	Thu 7/11/19	Mon 7/15/19	74	
76		➔						
77		➔	**Gap Analysis**	**22 days**	**Mon 7/22/1**	**Tue 8/20/19**	**26,37,43,49,54,6(**	
78		➔	Identify strengths and weaknesses of architecture	3 days	Mon 7/22/19	Wed 7/24/19		
79		➔	Identify current gaps in current master architectur	3 days	Thu 7/25/19	Mon 7/29/19	78	
80		➔	Discussion to confirm these gaps with respective t	3 days	Tue 7/30/19	Thu 8/1/19	79	

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┅	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	▬	Manual Summary Rollup	▬	Progress	▬
Project Summary	▬	Manual Summary	▬	Manual Progress	▬
Inactive Task	▭	Start-only	▏		
Inactive Milestone	◇	Finish-only	▕		

ID	ⓘ	Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
81		➔	Develop draft report on the gaps	5 days	Fri 8/2/19	Thu 8/8/19	80	
82		➔	Discussion of this report with respective teams	5 days	Fri 8/9/19	Thu 8/15/19	81	
83		➔	Finalize the assessment reports	3 days	Fri 8/16/19	Tue 8/20/19	82	
84		➔						
85		➔	**Consolidation Assessment**	**32 days**	**Wed 8/21/1‹**	**Thu 10/3/19**	**77**	
86		➔	Determine high availability server / application	3 days	Wed 8/21/19	Fri 8/23/19		
87		➔	Interview on Server / Storage performance and hi	3 days	Mon 8/26/19	Wed 8/28/19	86	
88		➔	Discussion on prioritization for Optimization / Mig	3 days	Thu 8/29/19	Mon 9/2/19	87	
89		➔	Documentation collection and review	3 days	Mon 8/26/19	Wed 8/28/19	86	
90		➔	Report on high availability server / application	3 days	Thu 8/29/19	Mon 9/2/19	87	
91		➔	Determine current costs / meet on demand needs	3 days	Tue 9/3/19	Thu 9/5/19	90	
92		➔	Interview / Discussion on the current costs and m	3 days	Fri 9/6/19	Tue 9/10/19	91	
93		➔	Interview / Discussion on correlation with Databa	3 days	Tue 9/3/19	Thu 9/5/19	90	
94		➔	Documentation collection and review	3 days	Fri 9/6/19	Tue 9/10/19	91	
95		➔	Report on current costs / meet on demand needs	3 days	Wed 9/11/19	Fri 9/13/19	93,94	
96		➔	Develop the Server & Storage Master Plan	3 days	Mon 9/16/19	Wed 9/18/19	95	
97		➔	Formulate scenario plans for Optimization / Migra	3 days	Thu 9/19/19	Mon 9/23/19	96	
98		➔	Present and validate the scenario plan with DIS te	3 days	Tue 9/24/19	Thu 9/26/19	97	
99		➔	Write report: Finalize scenario plan best approach	2 days	Fri 9/27/19	Mon 9/30/19	98	
100		➔	Present and validate the final scenario plan with D	3 days	Tue 10/1/19	Thu 10/3/19	99	
101		➔						
102		➔	**Business Impact Analysis**	**3 days**	**Thu 10/3/19**	**Tue 10/8/19**	**85**	
103		➔	Conduct business impact analysis for the gaps and	3 days	Fri 10/4/19	Tue 10/8/19		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	┌─┐	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task	▭	Start-only	▏		
Inactive Milestone	◇	Finish-only	▕		

ID	ⓘ	Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
104			identify the risks and mitigation plan	3 days	Fri 10/4/19	Tue 10/8/19		
105			Deliverable - High level Solution architecture, Sour	0 days	Thu 10/3/19	Thu 10/3/19		Project Manager
106								
107			**Design**	**52 days**	**Wed 10/9/19**	**Thu 12/19/19**	**102**	
108								
109			**Applications Domain**	**7 days**	**Wed 10/9/19**	**Thu 10/17/19**	**102**	
116			**Middleware Domain**	**7 days**	**Fri 10/18/19**	**Mon 10/28/1**	**114**	
122			**Network / Communications Domain**	**10 days**	**Wed 10/9/19**	**Tue 10/22/19**	**102**	
129			**Platform (Server & Storage) Landscape**	**9 days**	**Tue 10/29/19**	**Fri 11/8/19**	**116**	
136			**Data Centre**	**12 days**	**Mon 11/11/1**	**Tue 11/26/19**	**134**	
143			**Infrastructure Security Domain**	**9 days**	**Wed 11/27/1**	**Mon 12/9/19**	**122,141**	
149			**Infrastructure Management and Governance Domai**	**4 days**	**Wed 11/27/1**	**Mon 12/2/19**	**136**	
153								
154			**Migration Plan Development**	**8 days**	**Mon 12/9/19**	**Thu 12/19/19**	**143,149**	
155			Identify the implementation schedule	2 days	Tue 12/10/19	Wed 12/11/1		
156			Risk Management and mitigation	2 days	Tue 12/10/19	Wed 12/11/1	149	
157			Prepare the testing and roll back plan	2 days	Thu 12/12/19	Fri 12/13/19	156	
158			Agree on the acceptance criteria	2 days	Mon 12/16/1	Tue 12/17/19	157	
159			Transition to Implementation Plan	2 days	Wed 12/18/1	Thu 12/19/19	158	
160			Deliverable - Reference Architecture, Detailed arch	0 days	Mon 12/9/19	Mon 12/9/19		Project Manager
161								
162			**Migration Execution**	**196 days**	**Thu 1/2/20**	**Fri 10/2/20**	**107FS+10 days**	
163			Preparatory Meeting	3 days	Fri 1/3/20	Tue 1/7/20		

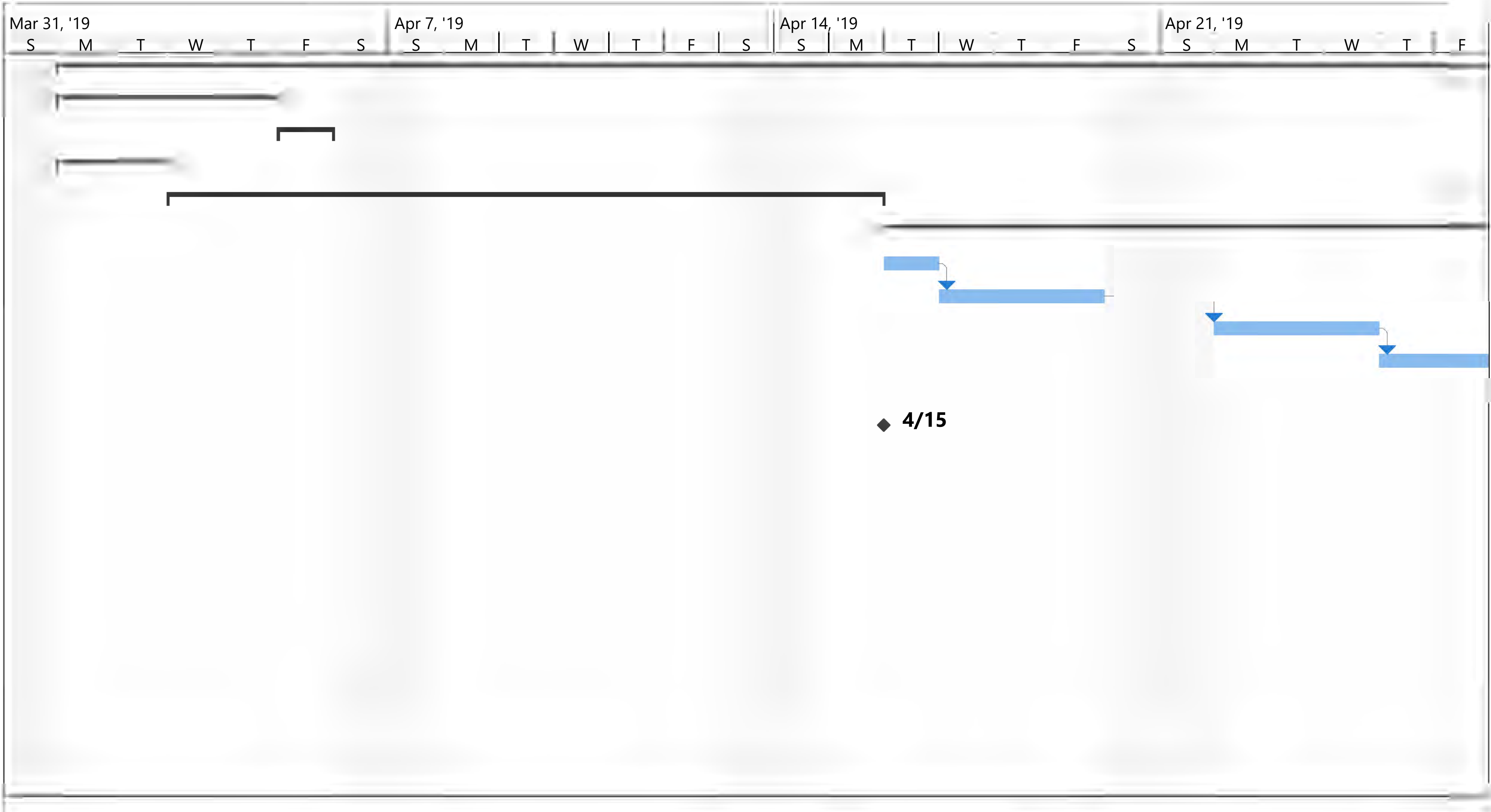
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	▬	Manual Summary Rollup	▬	Progress	▬
Project Summary	▬	Manual Summary	▬	Manual Progress	▬
Inactive Task		Start-only	▎		
Inactive Milestone		Finish-only	▎		

ID	ⓘ	Task Mod	Task Name	Duration	Start	Finish	Predecessors	Resource Names
164			General Communication to stakeholders	2 days	Wed 1/8/20	Thu 1/9/20	163	
165			Specific communication to Wave 1 stakeholders	1 day	Fri 1/10/20	Fri 1/10/20	164	
166			Wave 1 migration -	30 days	Mon 1/13/20	Fri 2/21/20	165	
167			Review the Wave 1 migration status	5 days	Mon 2/24/20	Fri 2/28/20	166	
168			Document the issues, comments and risks	10 days	Mon 3/2/20	Fri 3/13/20	167	
169			Testing and Acceptance	10 days	Mon 3/16/20	Fri 3/27/20	168	
170			Prepare for Wave 2 migration	5 days	Mon 3/2/20	Fri 3/6/20	167	
171			Wave 2 Migration-	30 days	Mon 3/30/20	Fri 5/8/20	170,169	
172			Review the Wave 2 migration status	5 days	Mon 5/11/20	Fri 5/15/20	171	
173			Document the issues, comments and risks	10 days	Mon 5/18/20	Fri 5/29/20	172	
174			Testing and Acceptance	10 days	Mon 6/1/20	Fri 6/12/20	173	
175			Prepare for Wave n migration	5 days	Mon 6/1/20	Fri 6/5/20	173	
176			Wave n Migration	30 days	Mon 6/15/20	Fri 7/24/20	174,175	
177			Review the Wave n migration status	5 days	Mon 7/27/20	Fri 7/31/20	176	
178			Document the issues, comments and risks	10 days	Mon 8/3/20	Fri 8/14/20	177	
179			Testing and Acceptance	10 days	Mon 8/17/20	Fri 8/28/20	178	
180			Overall testing and Acceptance	20 days	Mon 8/31/20	Fri 9/25/20	179	
181			Acceptance sign-off	5 days	Mon 9/28/20	Fri 10/2/20	180	
182			Deliverable - Transitioned Architecture and Infrastruc	0 days	Thu 1/2/20	Thu 1/2/20		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	┌─┐	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	↓
Summary	┌─┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 31, '19							Apr 7, '19							Apr 14, '19							Apr 21, '19					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┊┊┊┊┊┊┊┊	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	━
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	━
Inactive Task		Start-only	|		
Inactive Milestone		Finish-only	|		

Mar 31, '19							Apr 7, '19							Apr 14, '19							Apr 21, '19					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	━	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 31, '19 Apr 7, '19 Apr 14, '19 Apr 21, '19

S M T W T F S S M T W T F S S M T W T F S S M T W T F

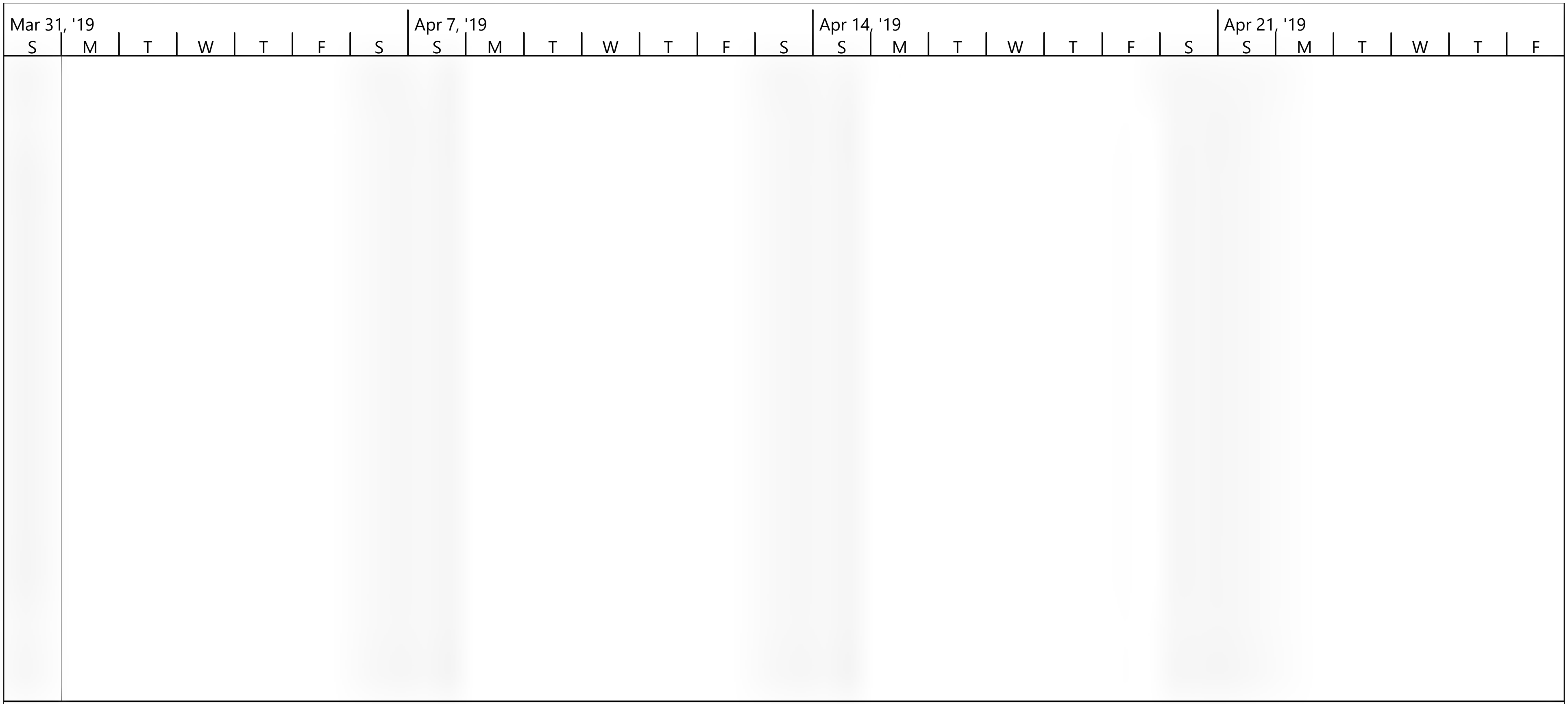
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	↓
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 31, '19							Apr 7, '19							Apr 14, '19							Apr 21, '19					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

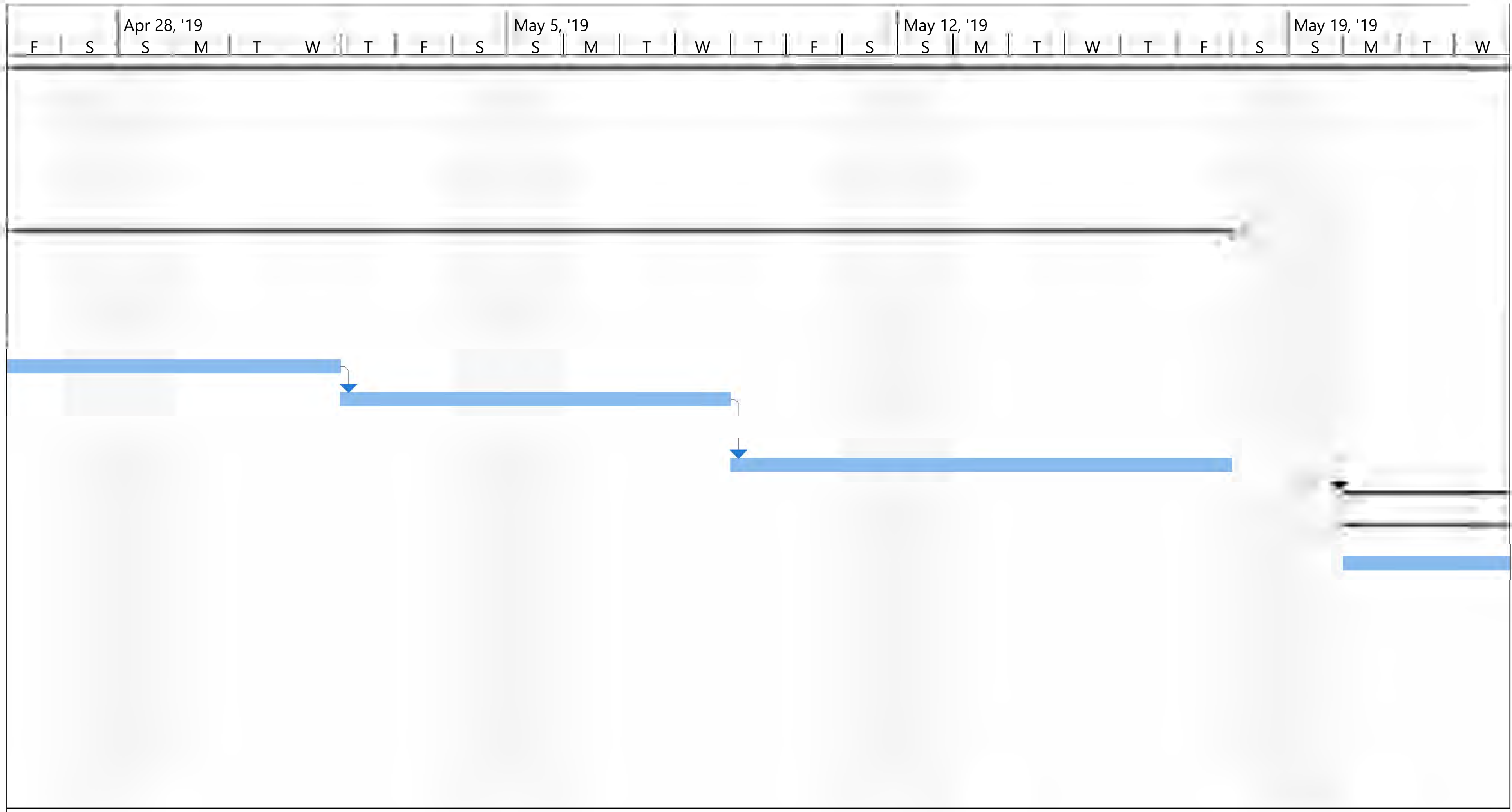
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌──┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌──┐	Manual Summary	┌──┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	▬
Inactive Task		Start-only	[		
Inactive Milestone		Finish-only	]		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	━
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 28, '19							May 5, '19							May 12, '19							May 19, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

		Apr 28, '19							May 5, '19							May 12, '19							May 19, '19		
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

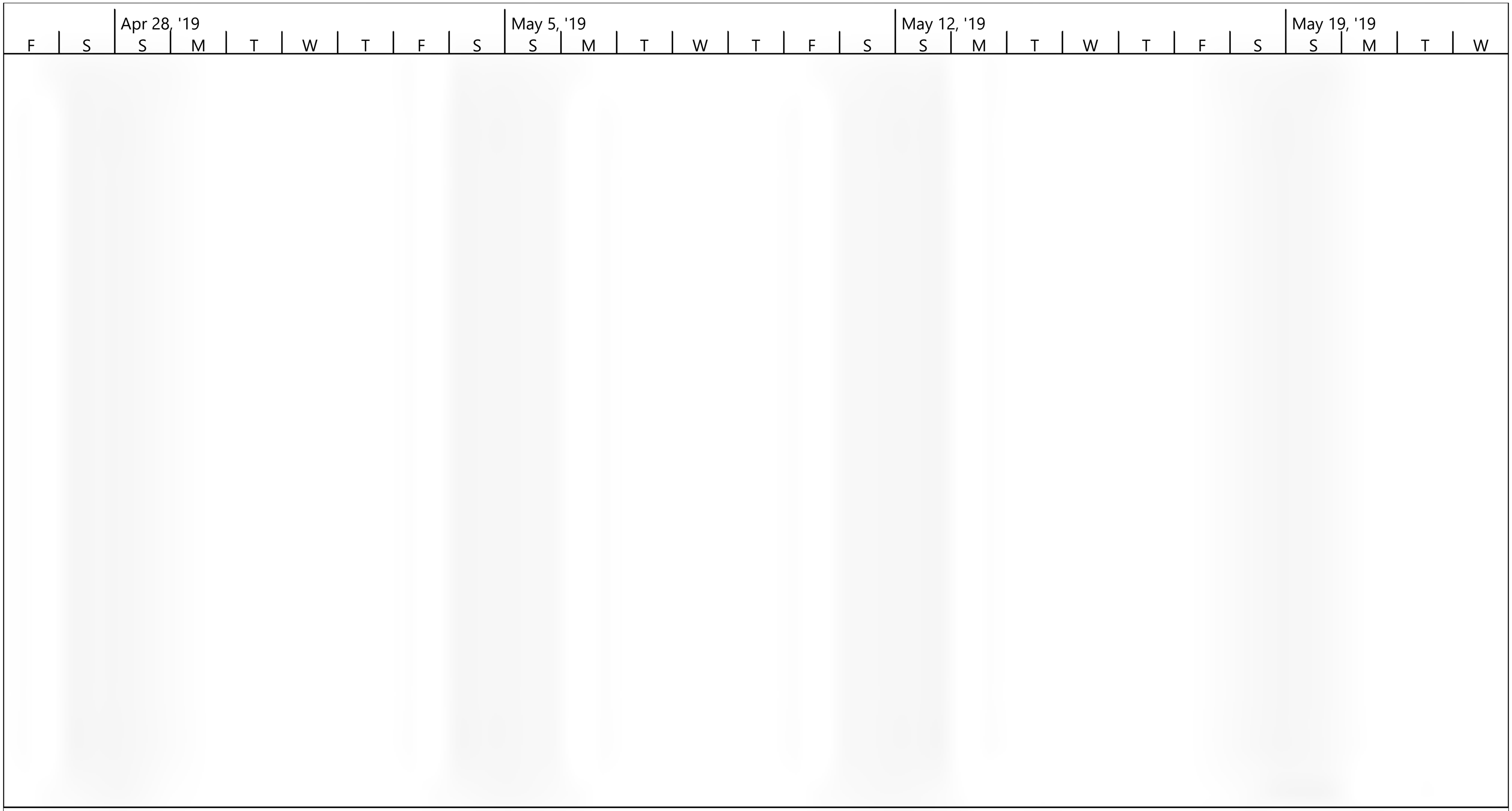
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 28, '19						May 5, '19						May 12, '19						May 19, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



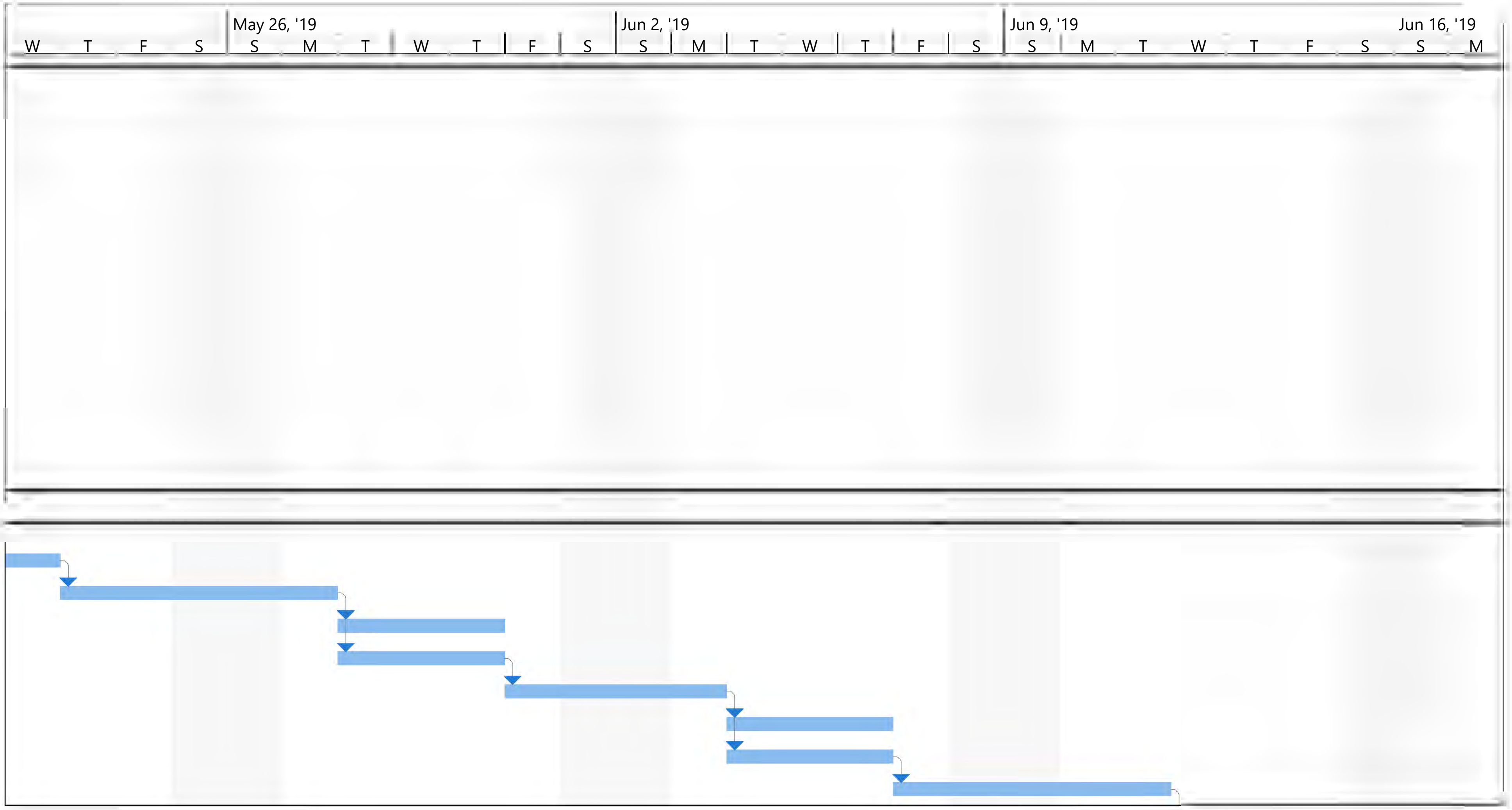
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌──┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌──┐	Manual Summary	┌──┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 28, '19							May 5, '19							May 12, '19							May 19, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	⊓	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	━
Project Summary	⊓	Manual Summary	⊓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▕		
Inactive Milestone		Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

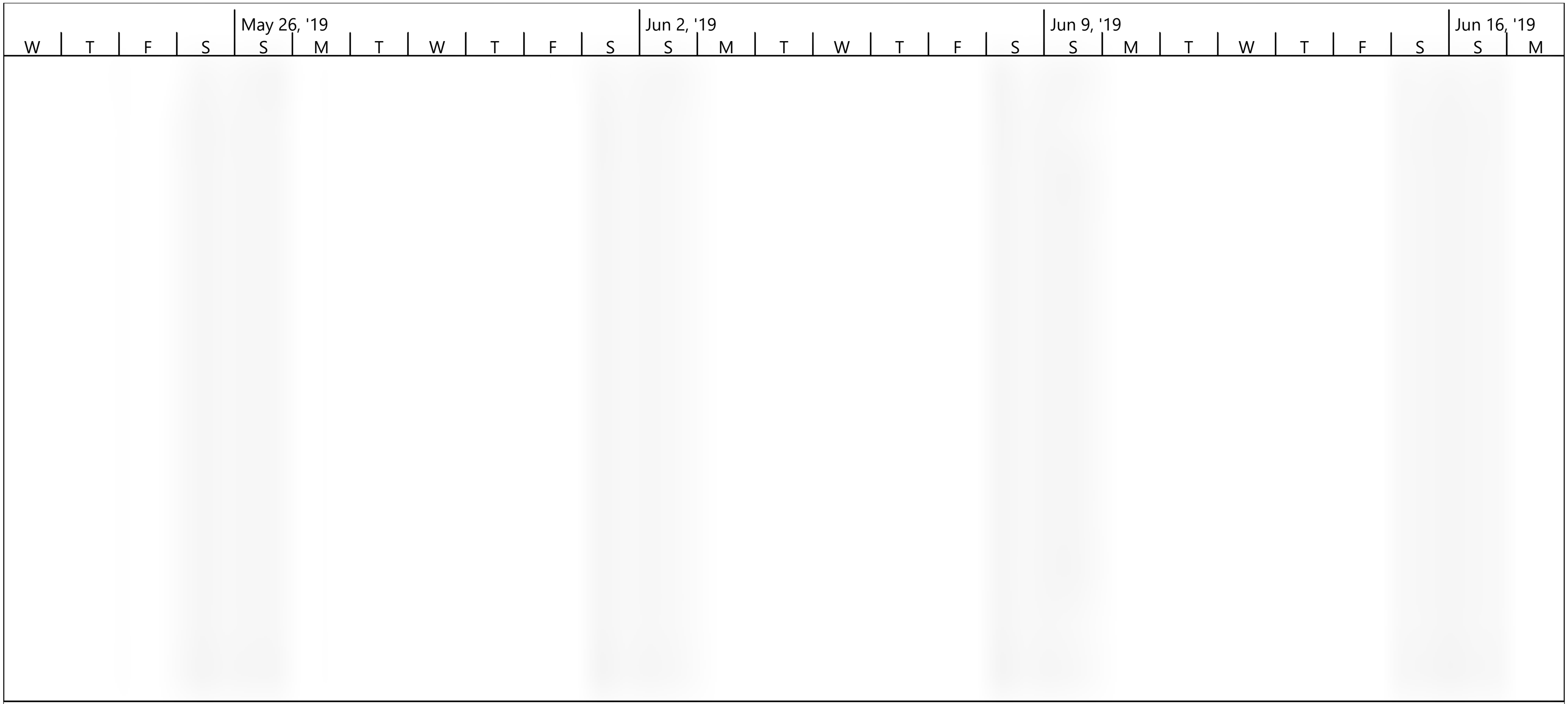
Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┏━┓	Manual Summary Rollup	━	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	⊓	Manual Summary Rollup	▬	Progress	—
Project Summary	⊓	Manual Summary	⊓	Manual Progress	—
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

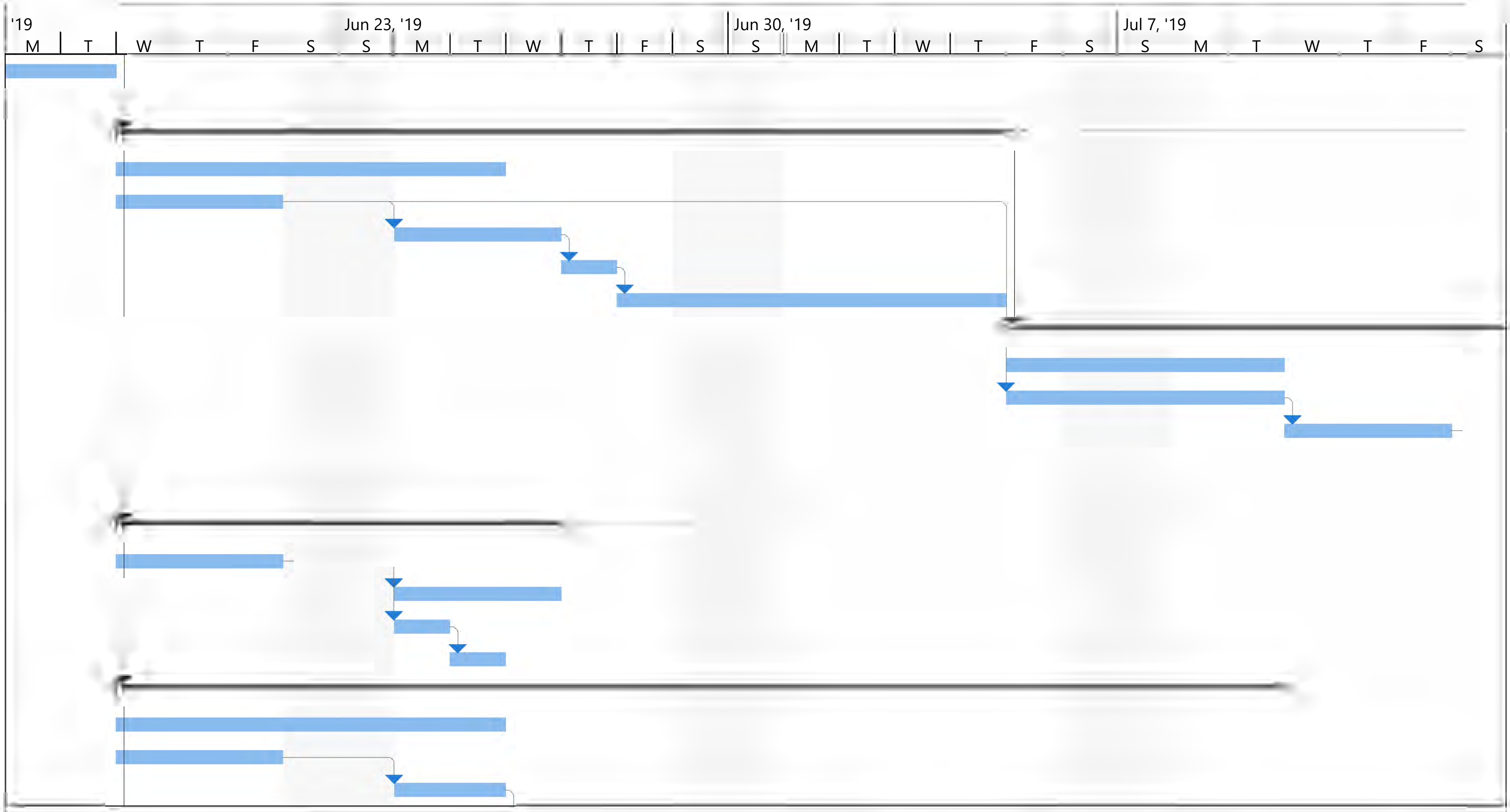


Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

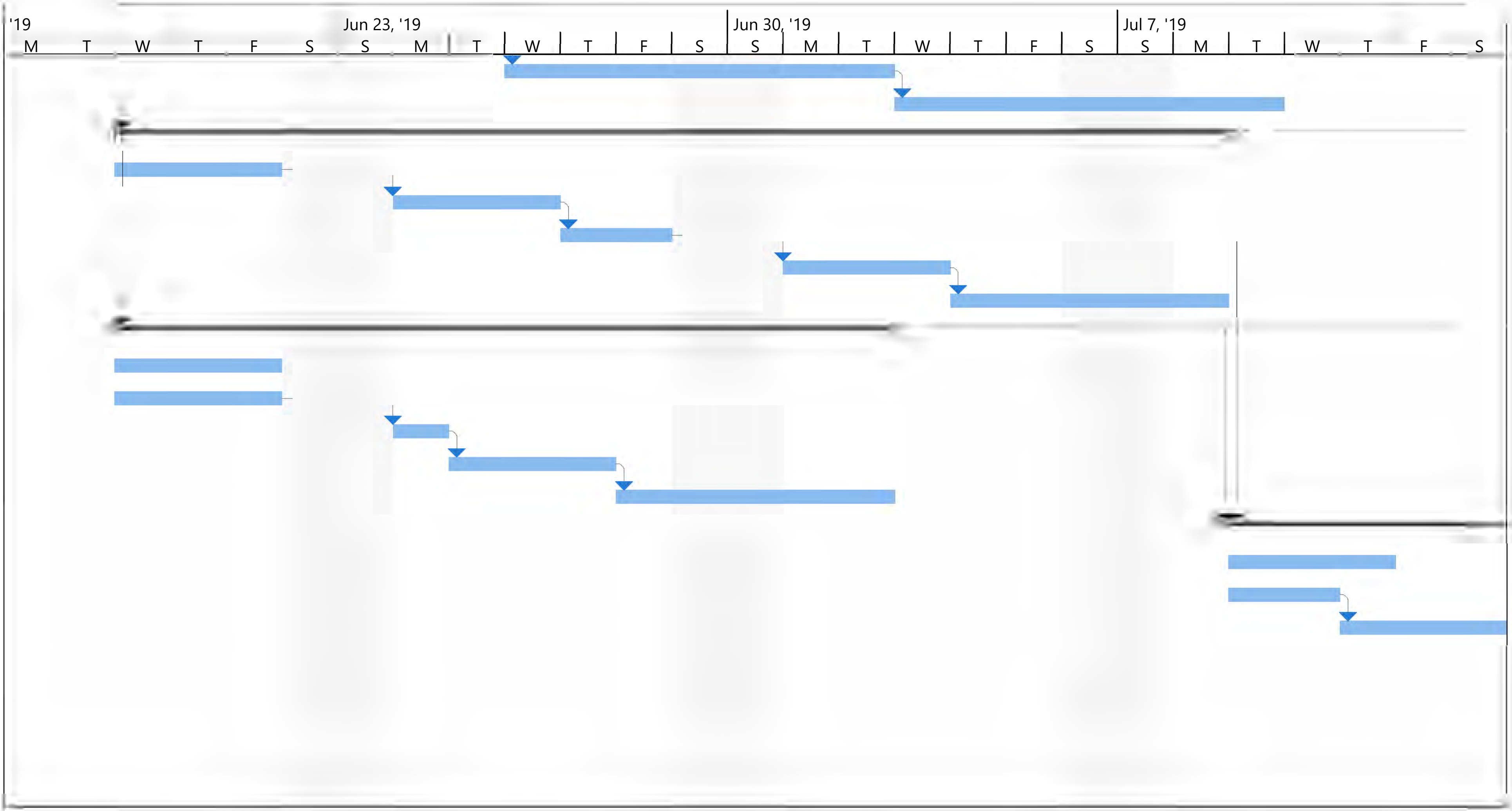
Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task	▭	Start-only	▏		
Inactive Milestone	◇	Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	─
Project Summary	⎴	Manual Summary	⎴	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

'19						Jun 23, '19							Jun 30, '19							Jul 7, '19						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┄	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

'19 | Jun 23, '19 | Jun 30, '19 | Jul 7, '19

M T W T F S | S M T W T F S | S M T W T F S | S M T W T F S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task		Inactive Summary		External Tasks	
Split		Manual Task		External Milestone	◆
Milestone	◆	Duration-only		Deadline	⬇
Summary		Manual Summary Rollup		Progress	
Project Summary		Manual Summary		Manual Progress	
Inactive Task		Start-only			
Inactive Milestone		Finish-only			

'19						Jun 23, '19							Jun 30, '19							Jul 7, '19						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

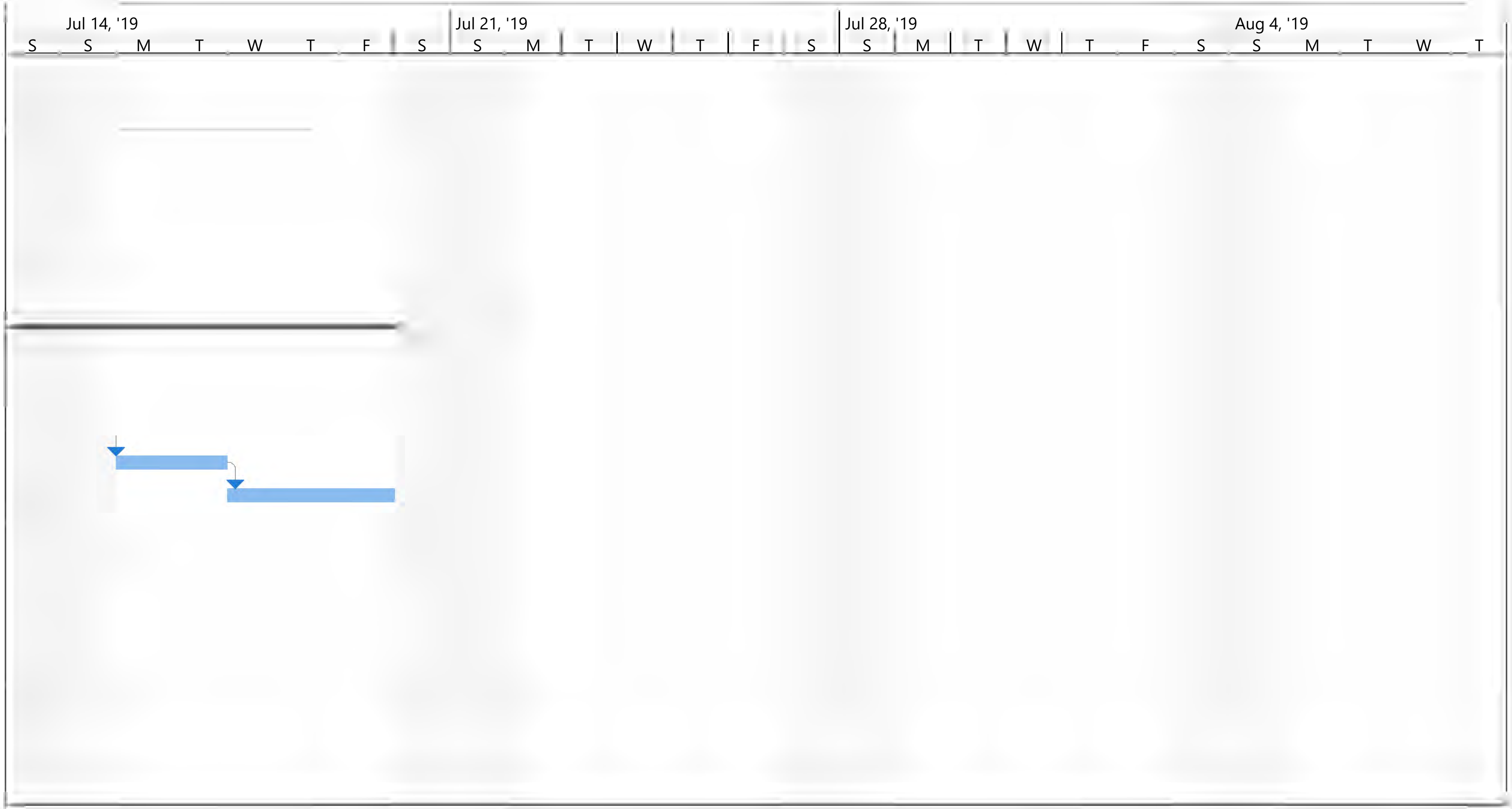
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

Jul 14, '19								Jul 21, '19							Jul 28, '19							Aug 4, '19				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

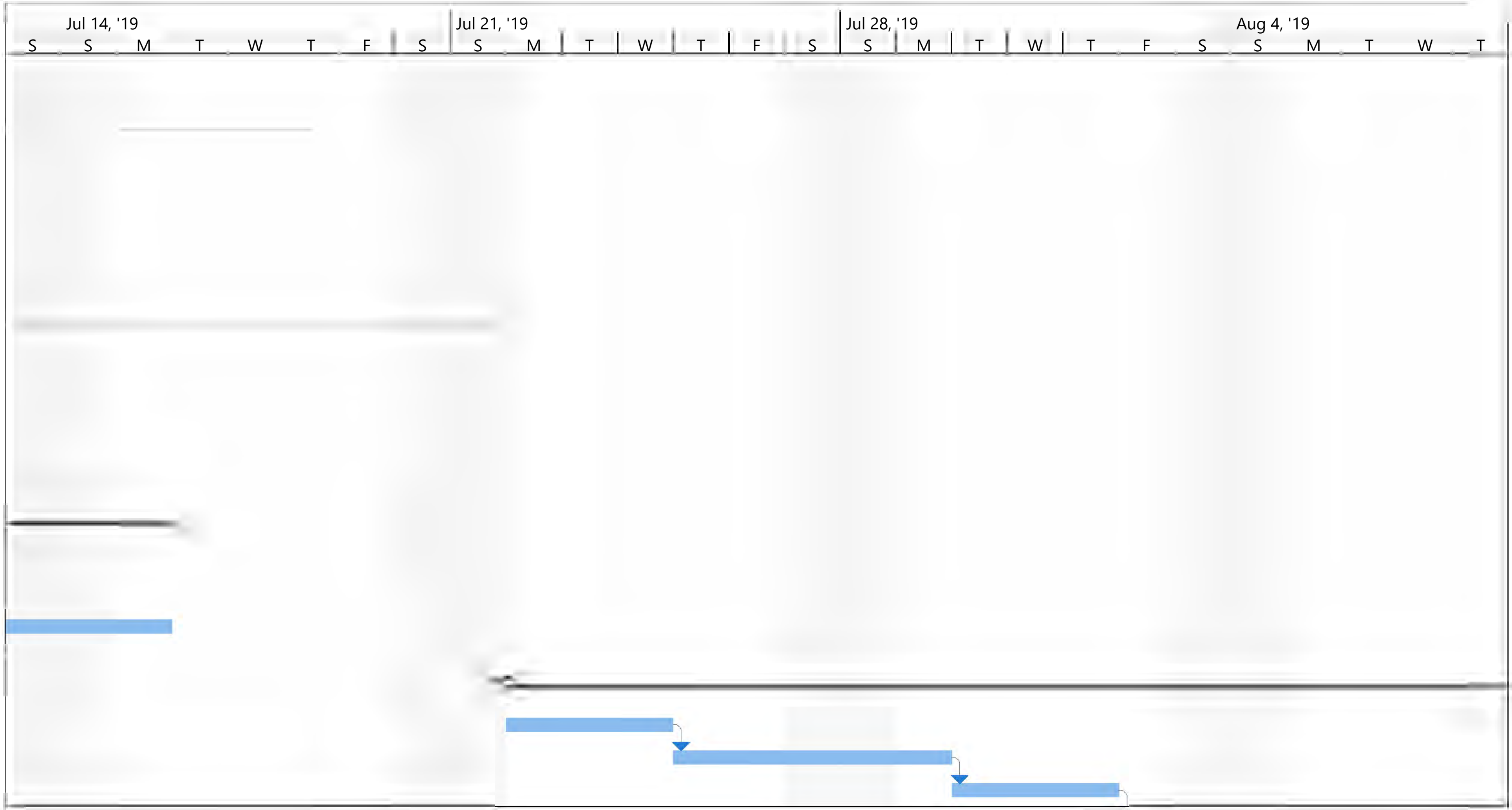
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▕		
Inactive Milestone		Finish-only	▕		



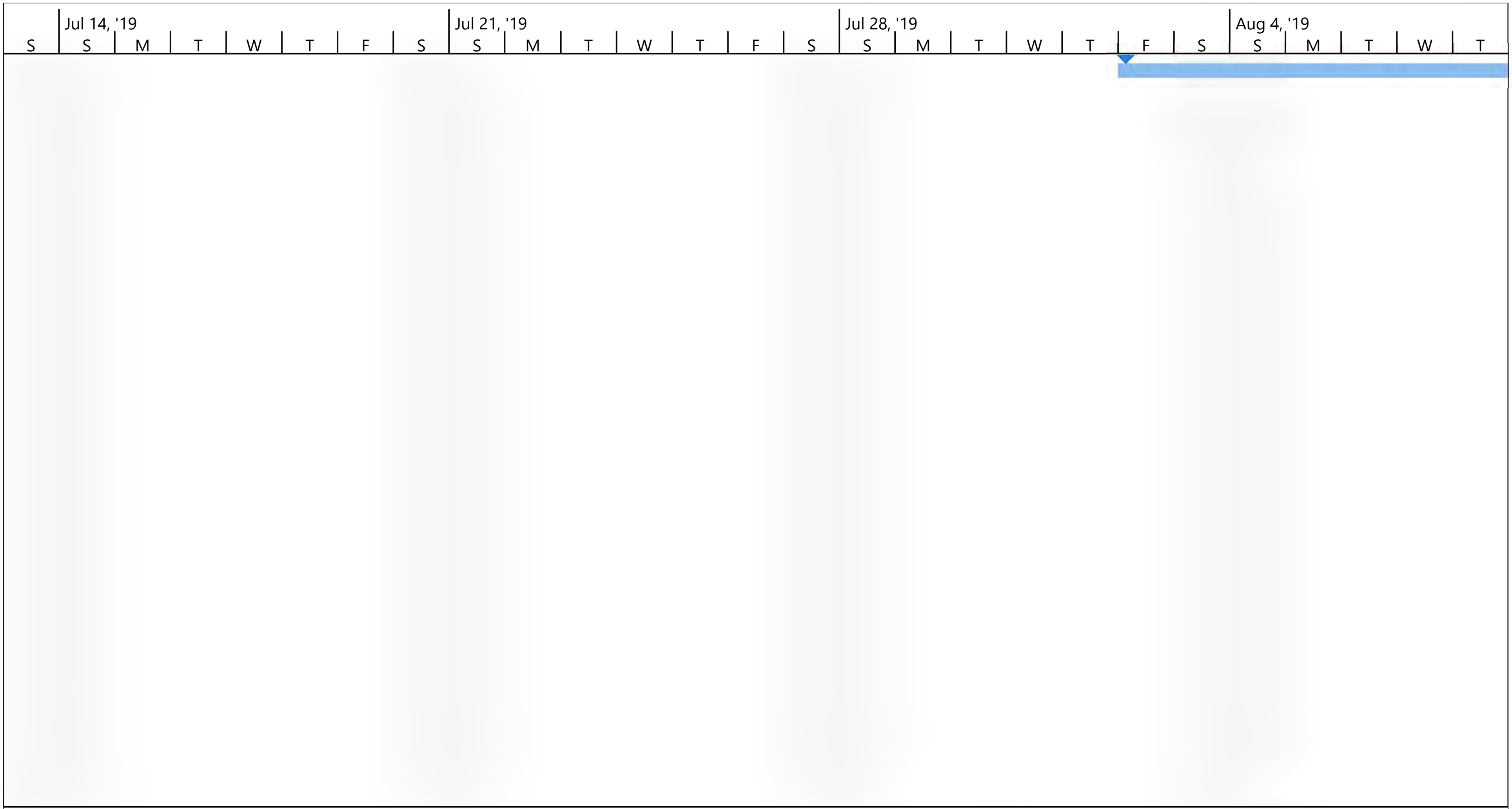
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┍━┑	Manual Summary Rollup	▬	Progress	━
Project Summary	┍━┑	Manual Summary	┍━┑	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



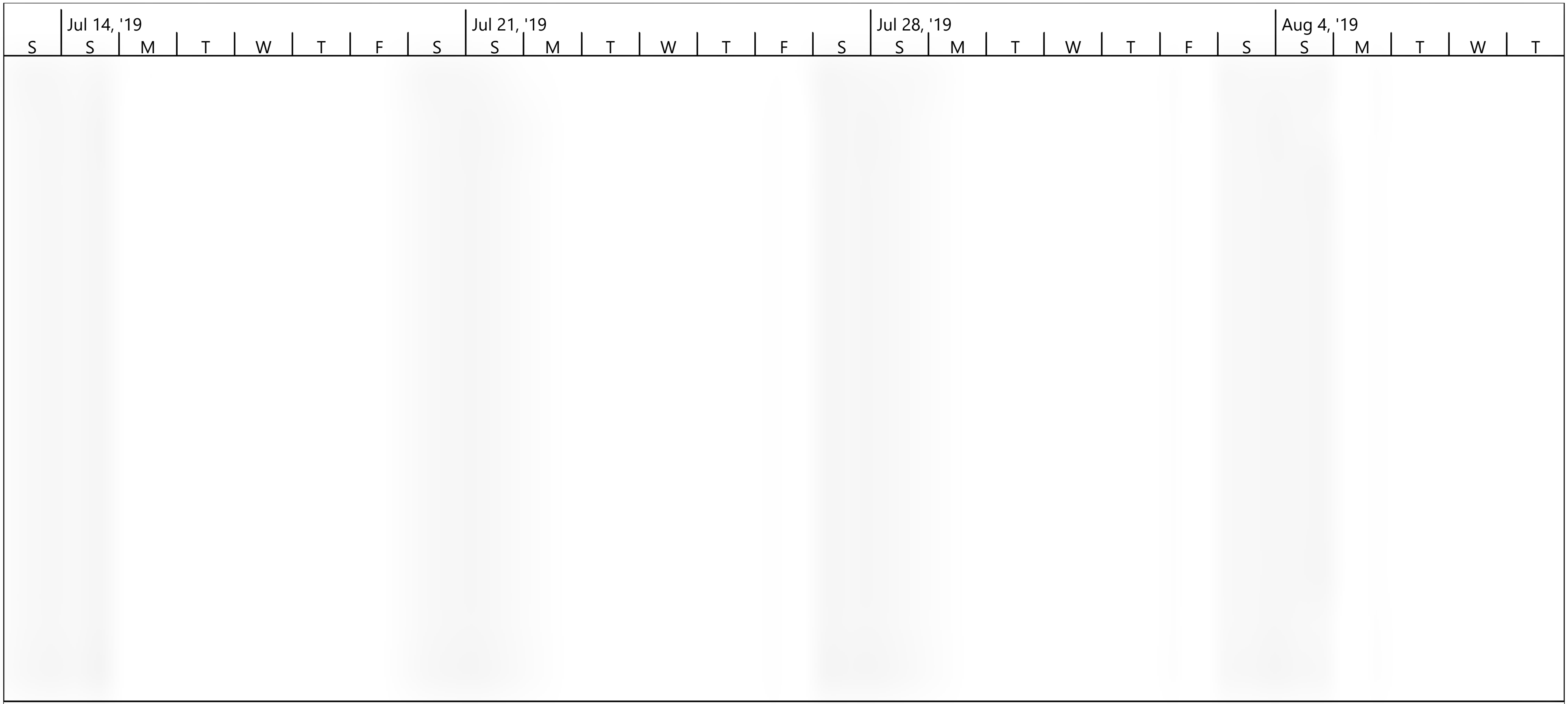
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

	Jul 14, '19							Jul 21, '19							Jul 28, '19							Aug 4, '19			
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

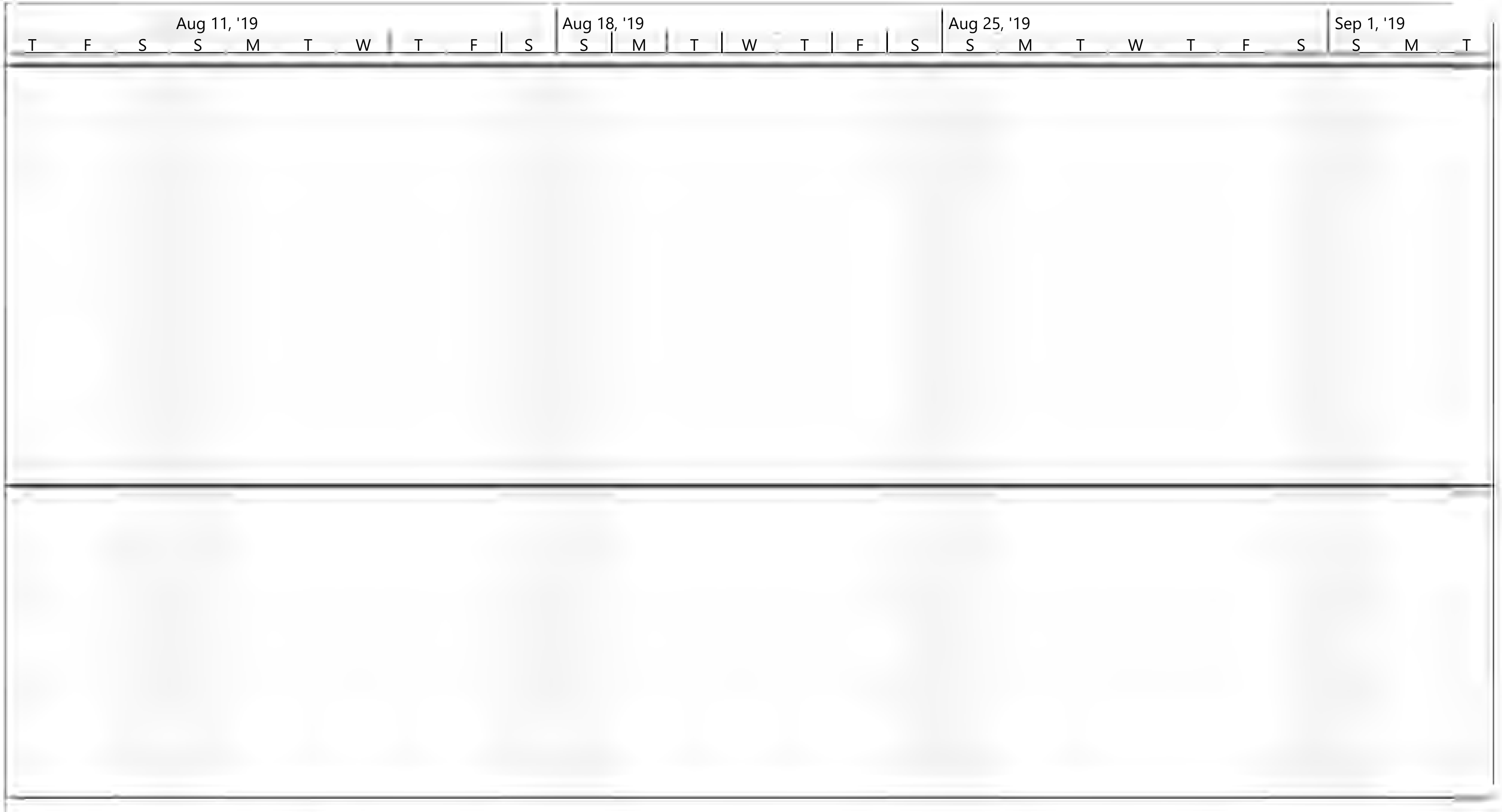
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━━━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━━━┓	Manual Summary	┏━━━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	┌─┐	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

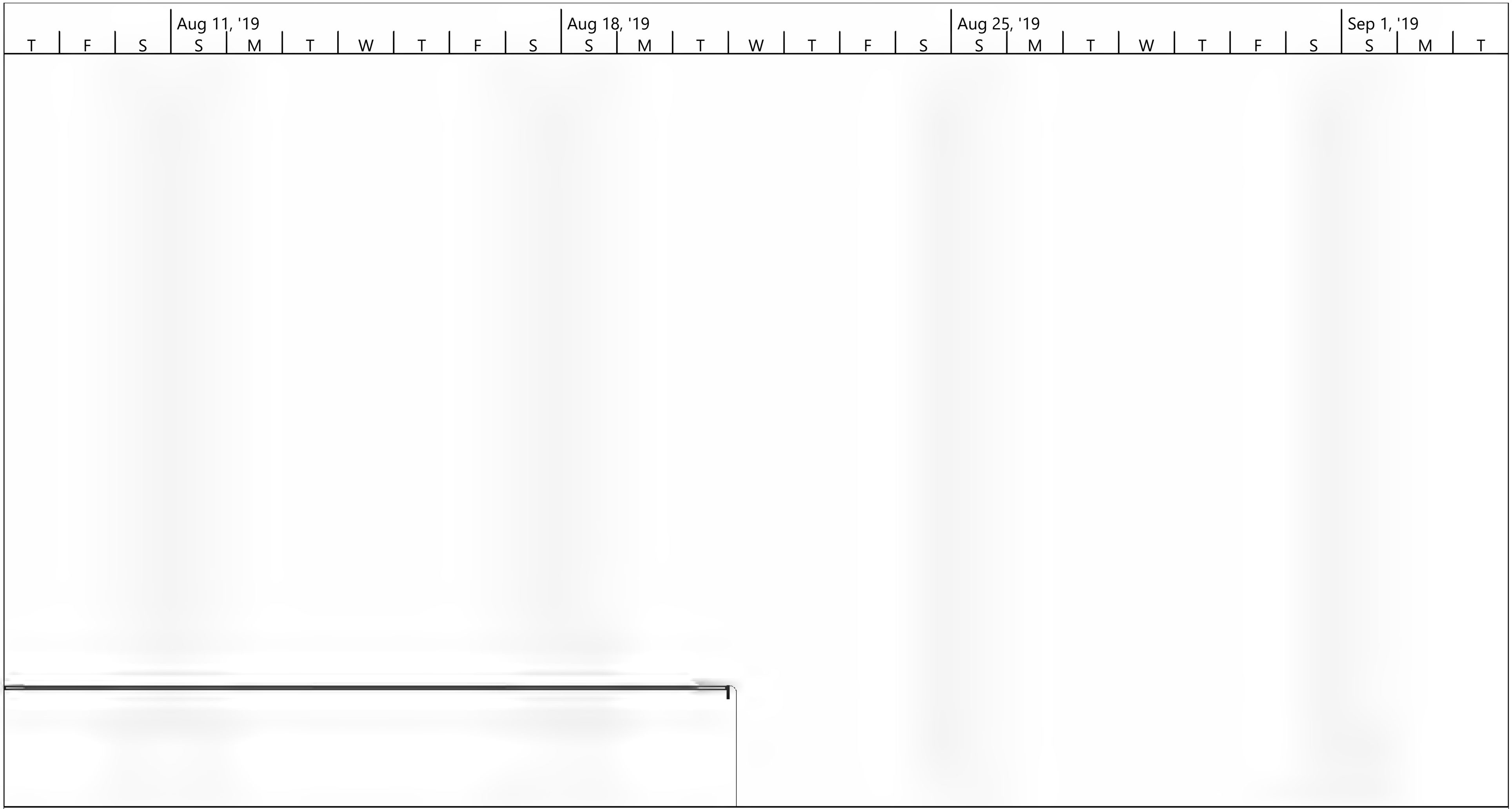


Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	▬
Project Summary	⎴	Manual Summary	⎴	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

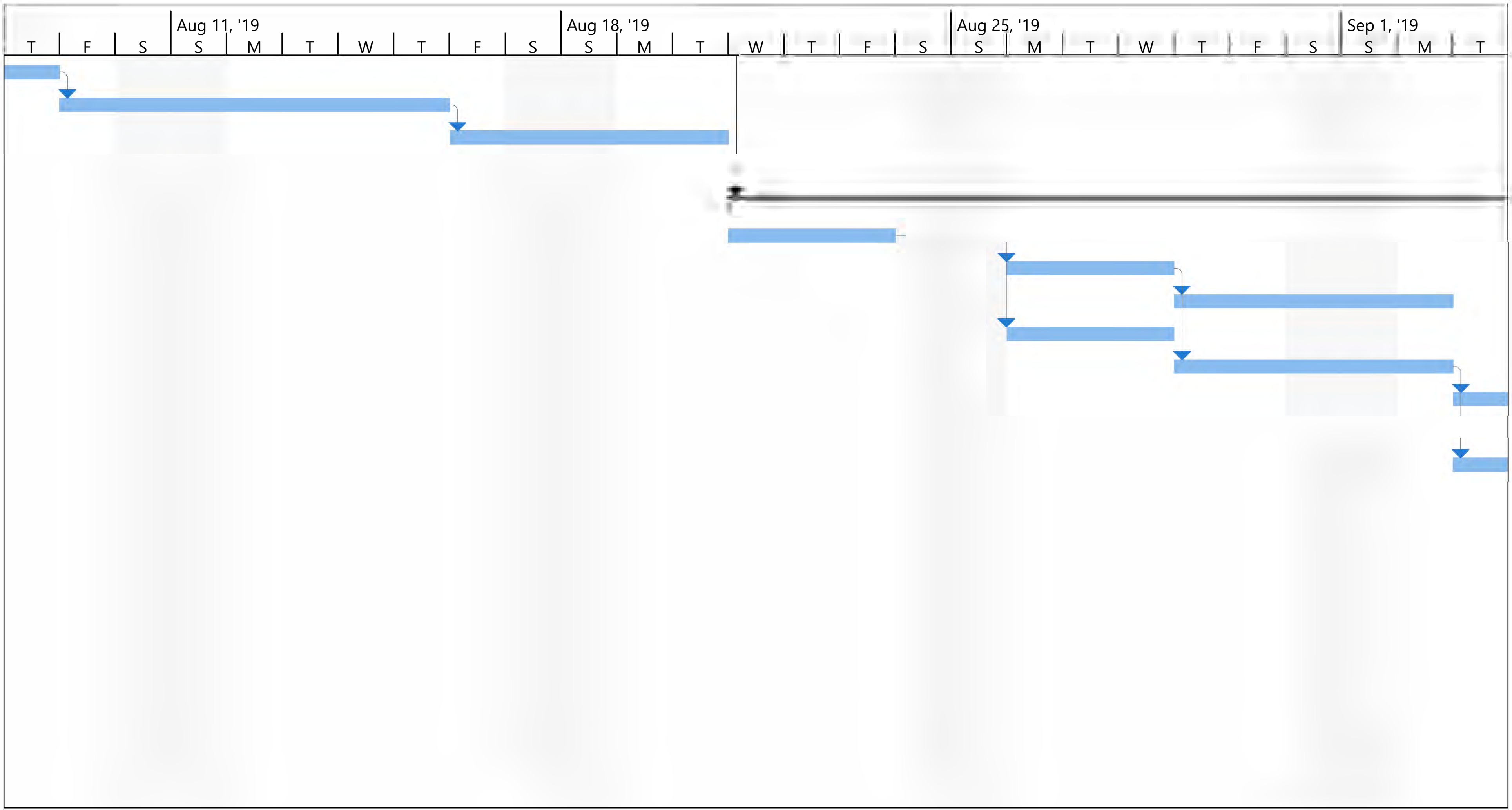
			Aug 11, '19							Aug 18, '19							Aug 25, '19							Sep 1, '19		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

Project: AR-DCO-DXC.mpp Date: Mon 12/3/18	Task	▬	Inactive Summary	▬	External Tasks	▬
	Split	┈	Manual Task	▬	External Milestone	◆
	Milestone	◆	Duration-only	▬	Deadline	⬇
	Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
	Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
	Inactive Task		Start-only	▏		
	Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	―
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	―
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

			Aug 11, '19							Aug 18, '19							Aug 25, '19							Sep 1, '19		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

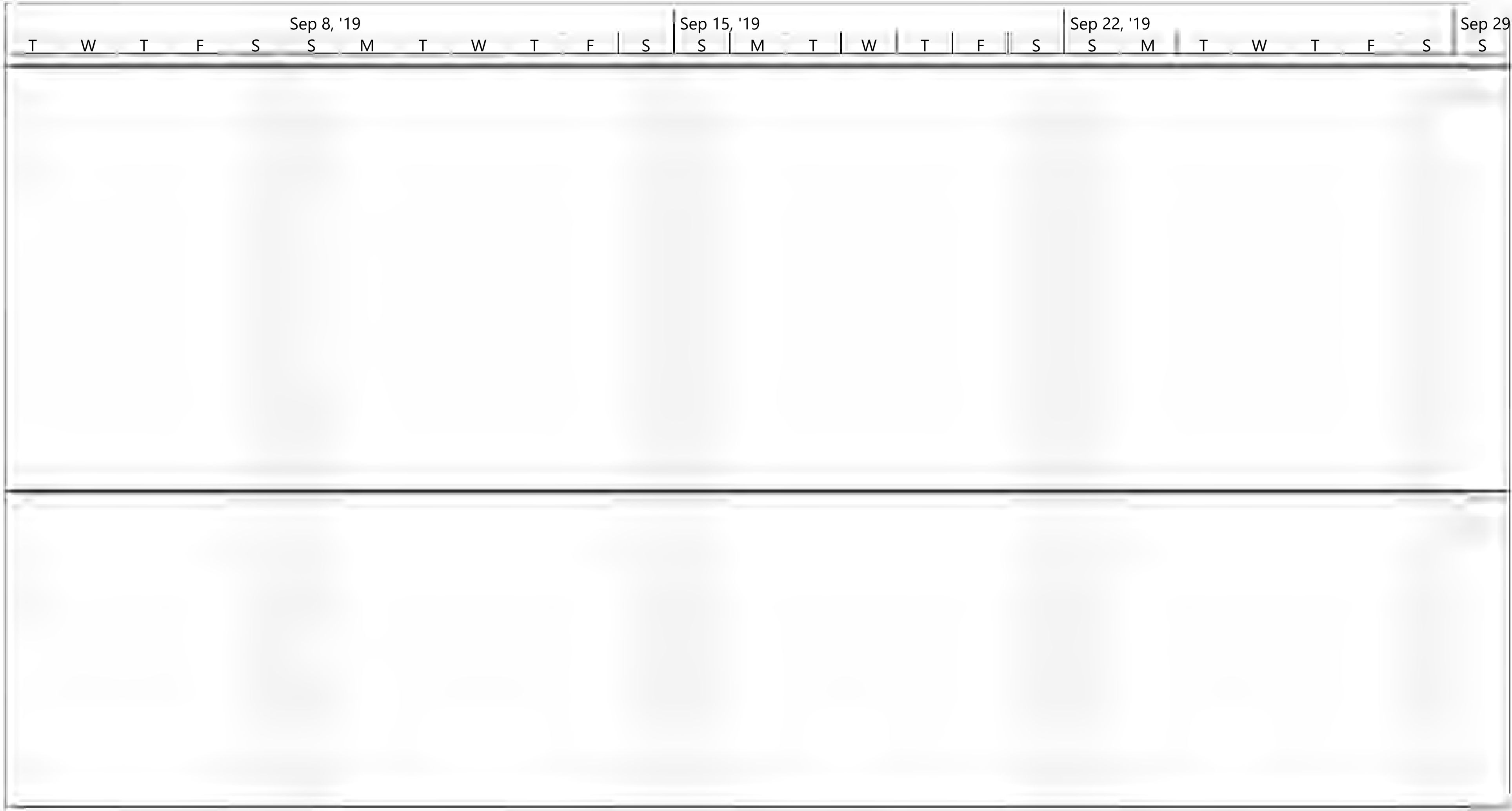
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

			Aug 11, '19							Aug 18, '19							Aug 25, '19							Sep 1, '19		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

					Sep 8, '19							Sep 15, '19							Sep 22, '19							Sep 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

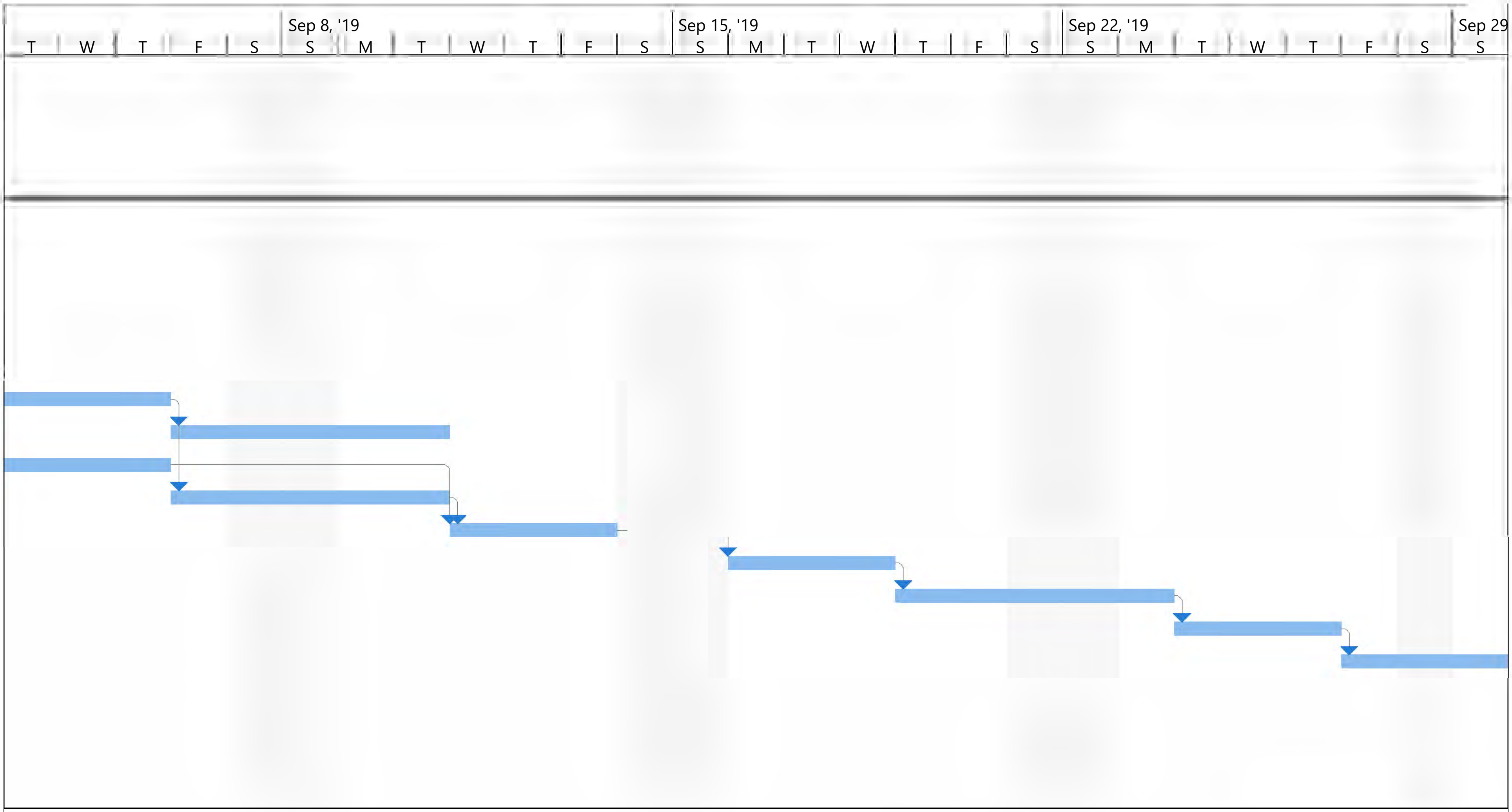
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

					Sep 8, '19							Sep 15, '19							Sep 22, '19							Sep 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	⎸		
Inactive Milestone		Finish-only	⎸		

					Sep 8, '19							Sep 15, '19							Sep 22, '19							Sep 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

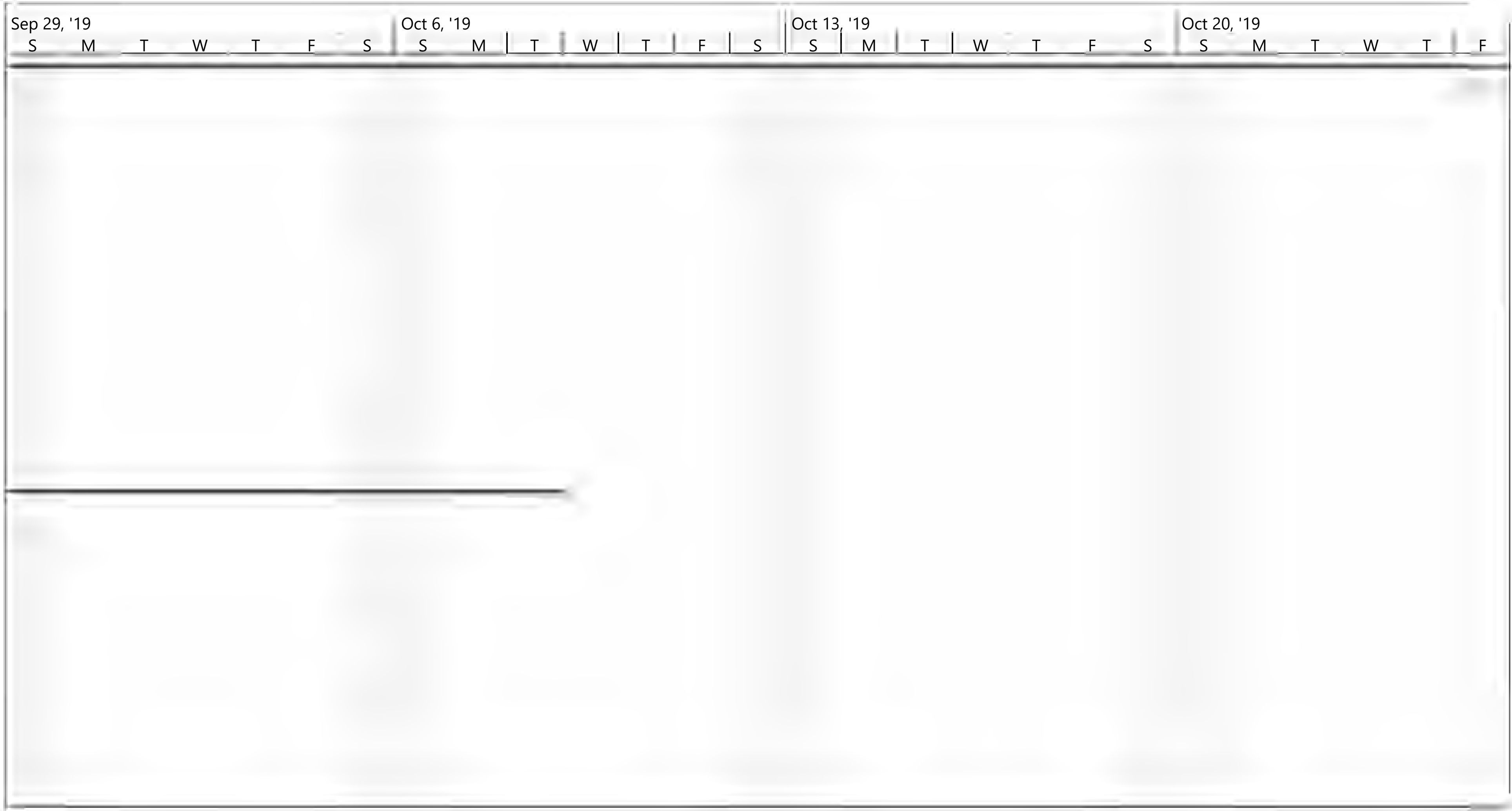
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	▬
Project Summary	⎴	Manual Summary	⎴	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

					Sep 8, '19							Sep 15, '19							Sep 22, '19							Sep 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



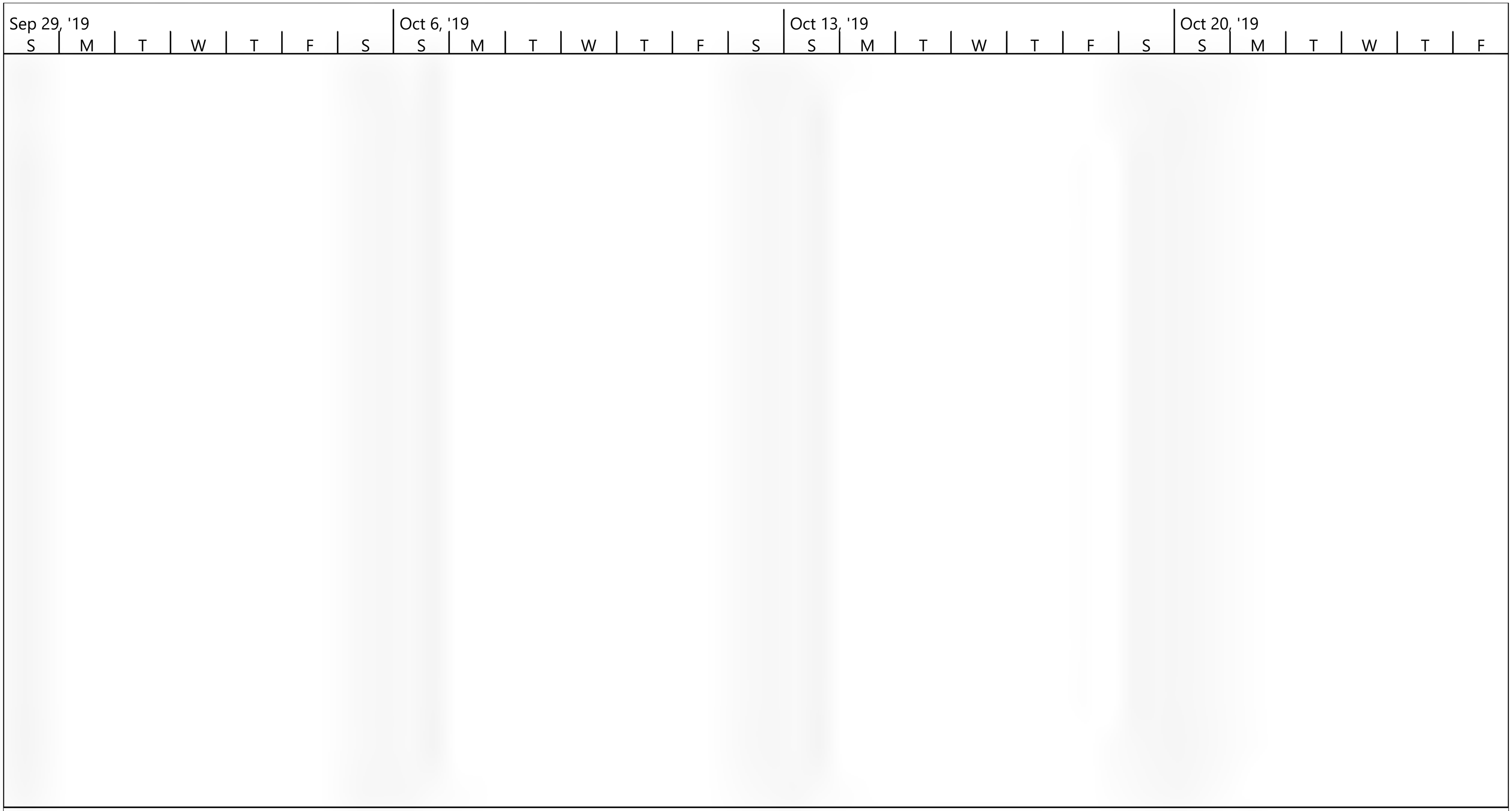
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Sep 29, '19							Oct 6, '19							Oct 13, '19							Oct 20, '19					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

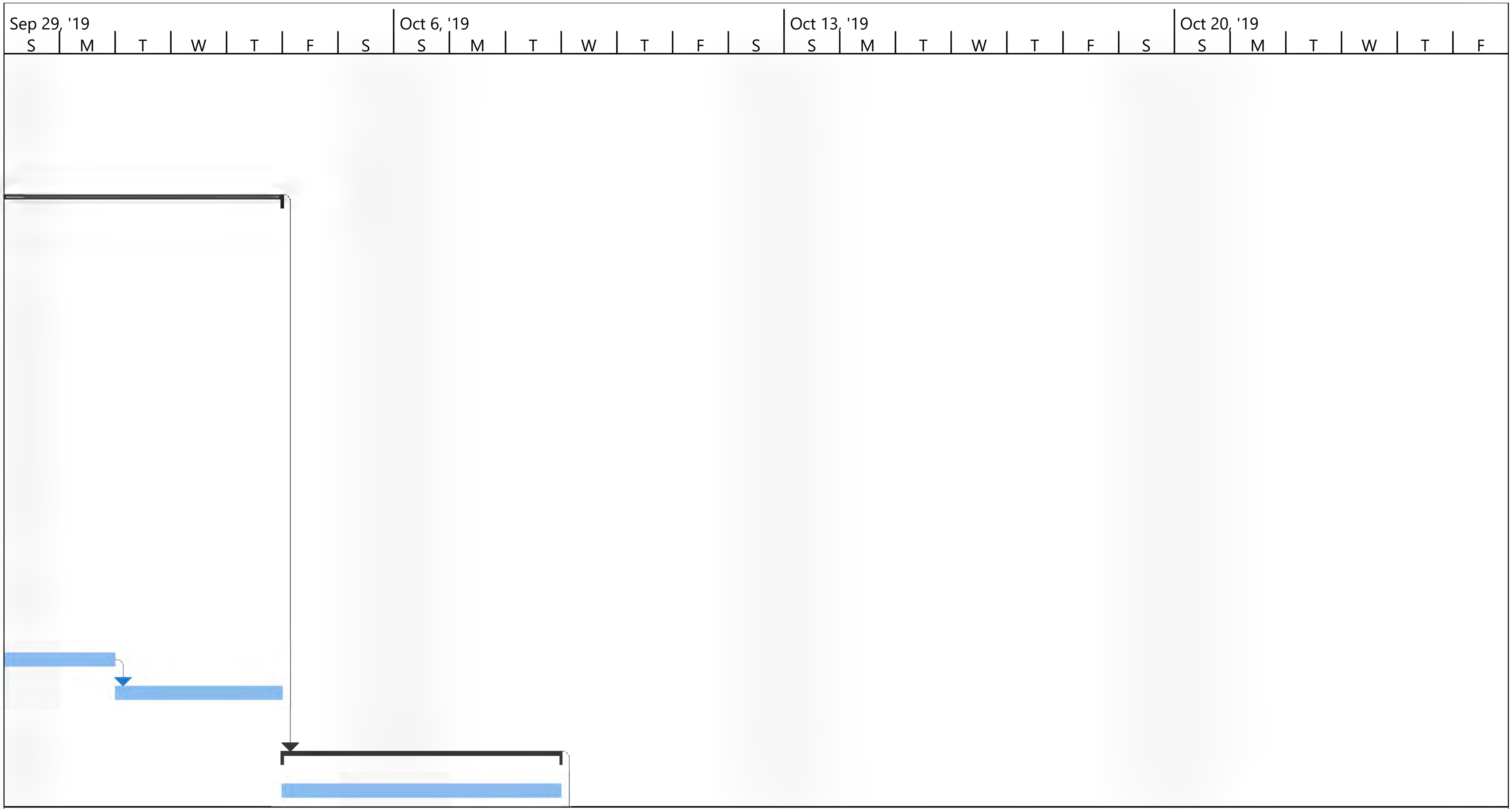
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┄	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



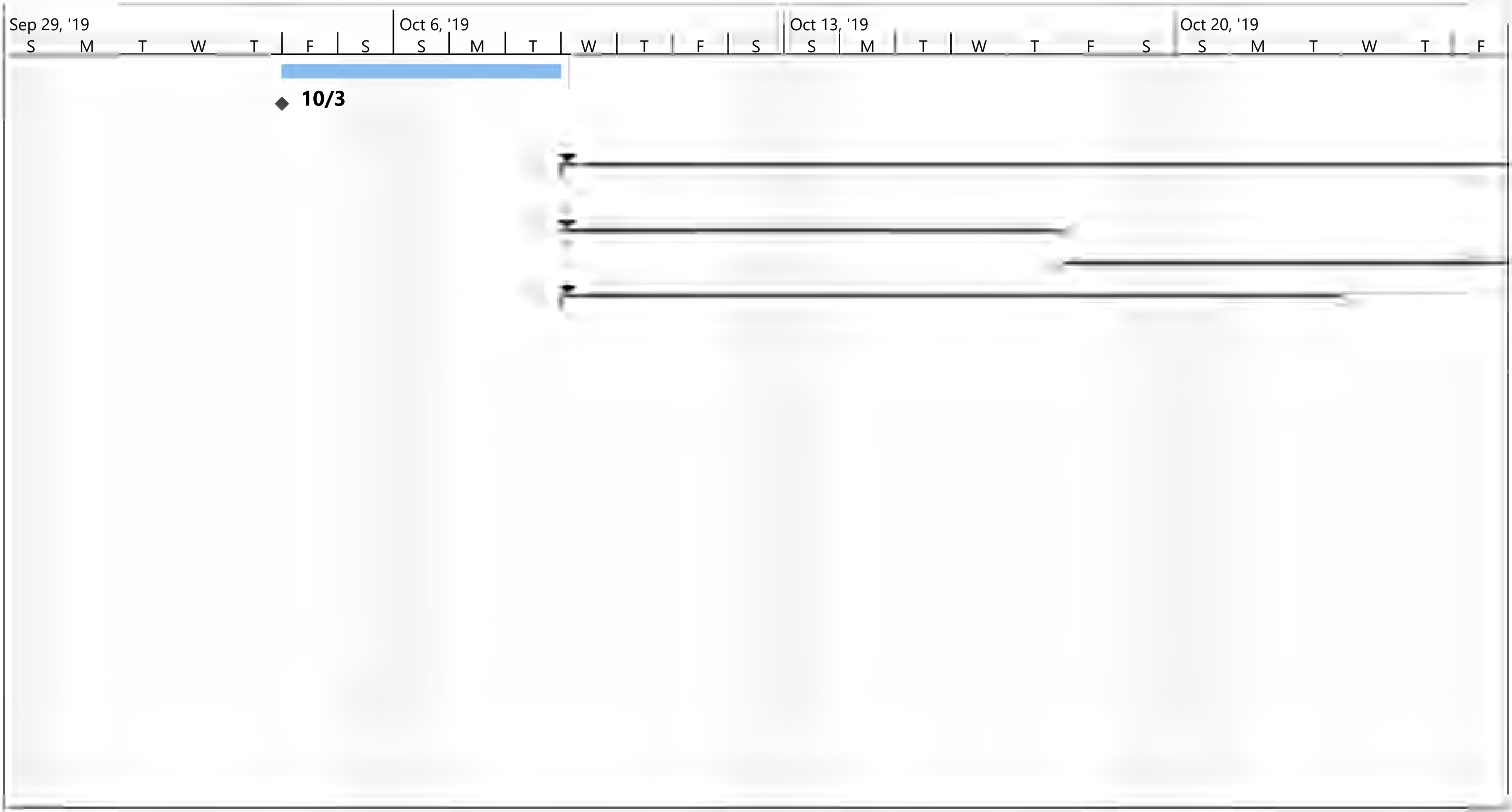
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



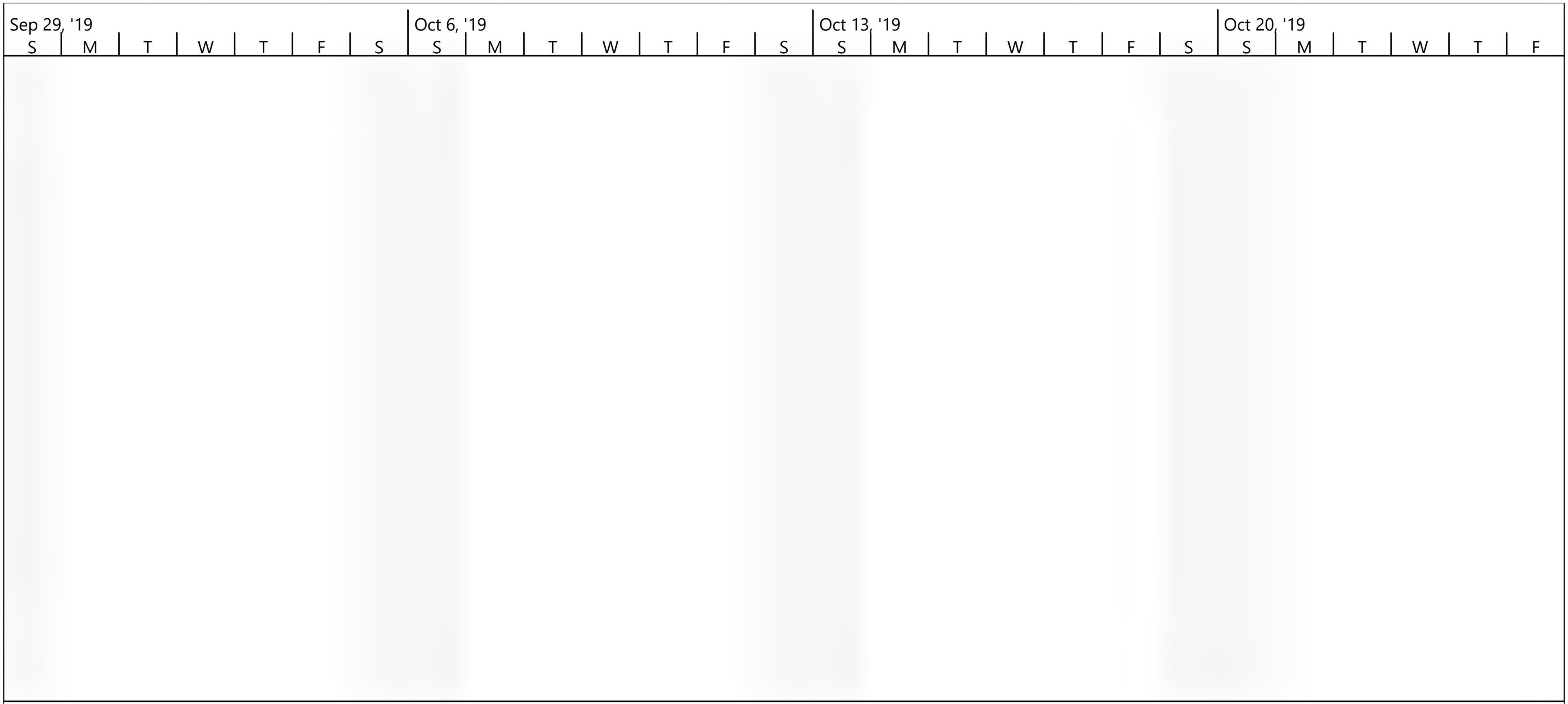
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	⋯	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	↓
Summary	▬	Manual Summary Rollup	▬	Progress	▬
Project Summary	▬	Manual Summary	▬	Manual Progress	▬
Inactive Task		Start-only	|		
Inactive Milestone		Finish-only	|		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Oct 27, '19							Nov 3, '19							Nov 10, '19							Nov 17, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Oct 27, '19							Nov 3, '19							Nov 10, '19							Nov 17, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	▬
Project Summary	⎴	Manual Summary	⎴	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

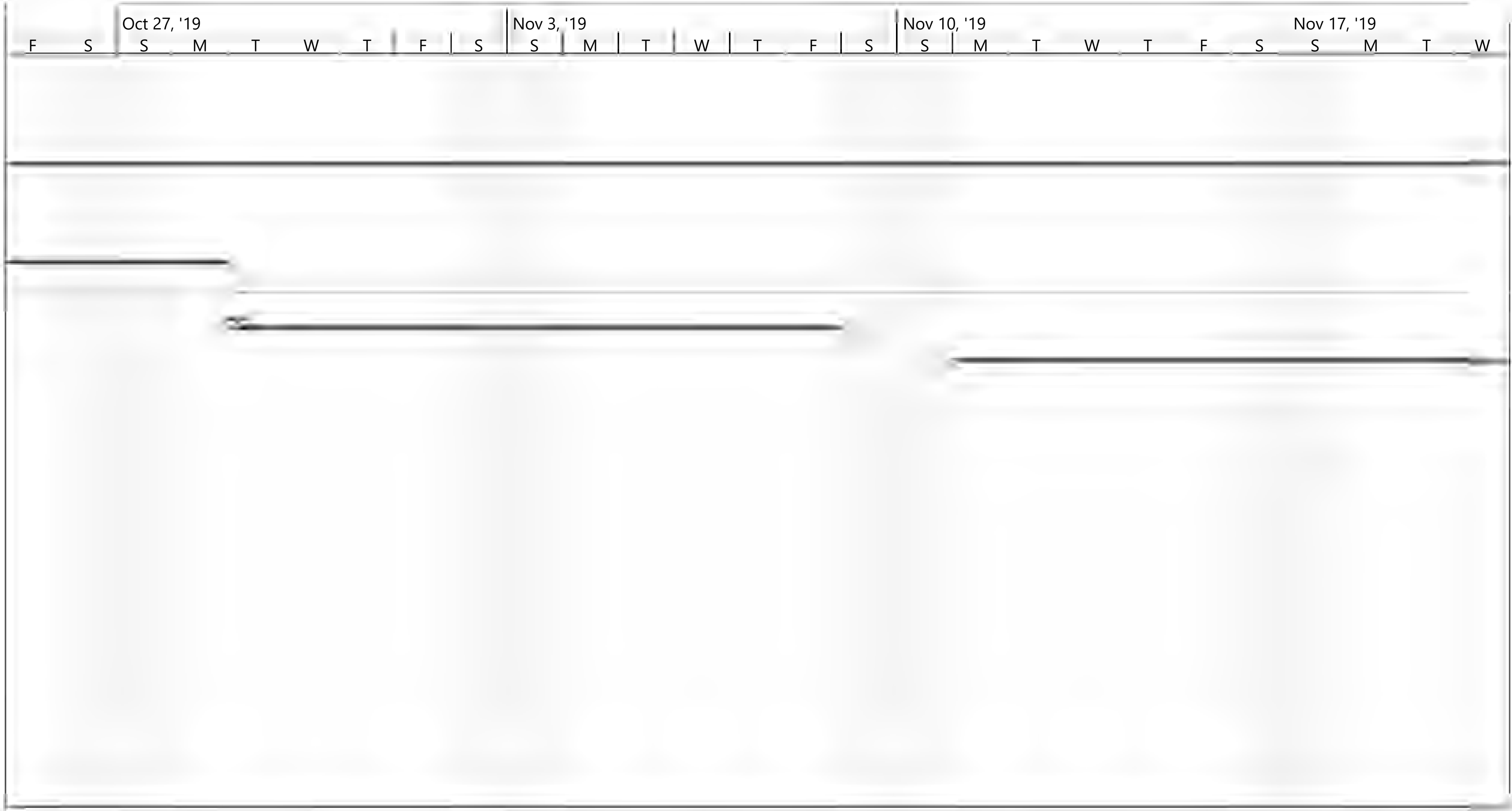
		Oct 27, '19							Nov 3, '19							Nov 10, '19							Nov 17, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Oct 27, '19							Nov 3, '19							Nov 10, '19							Nov 17, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Oct 27, '19							Nov 3, '19							Nov 10, '19							Nov 17, '19			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	─
Project Summary	⎴	Manual Summary	⎴	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

				Nov 24, '19							Dec 1, '19							Dec 8, '19							Dec 15, '19	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌──┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌──┐	Manual Summary	┌──┐	Manual Progress	─
Inactive Task		Start-only	|		
Inactive Milestone		Finish-only	|		

	Nov 24, '19							Dec 1, '19							Dec 8, '19							Dec 15, '19	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

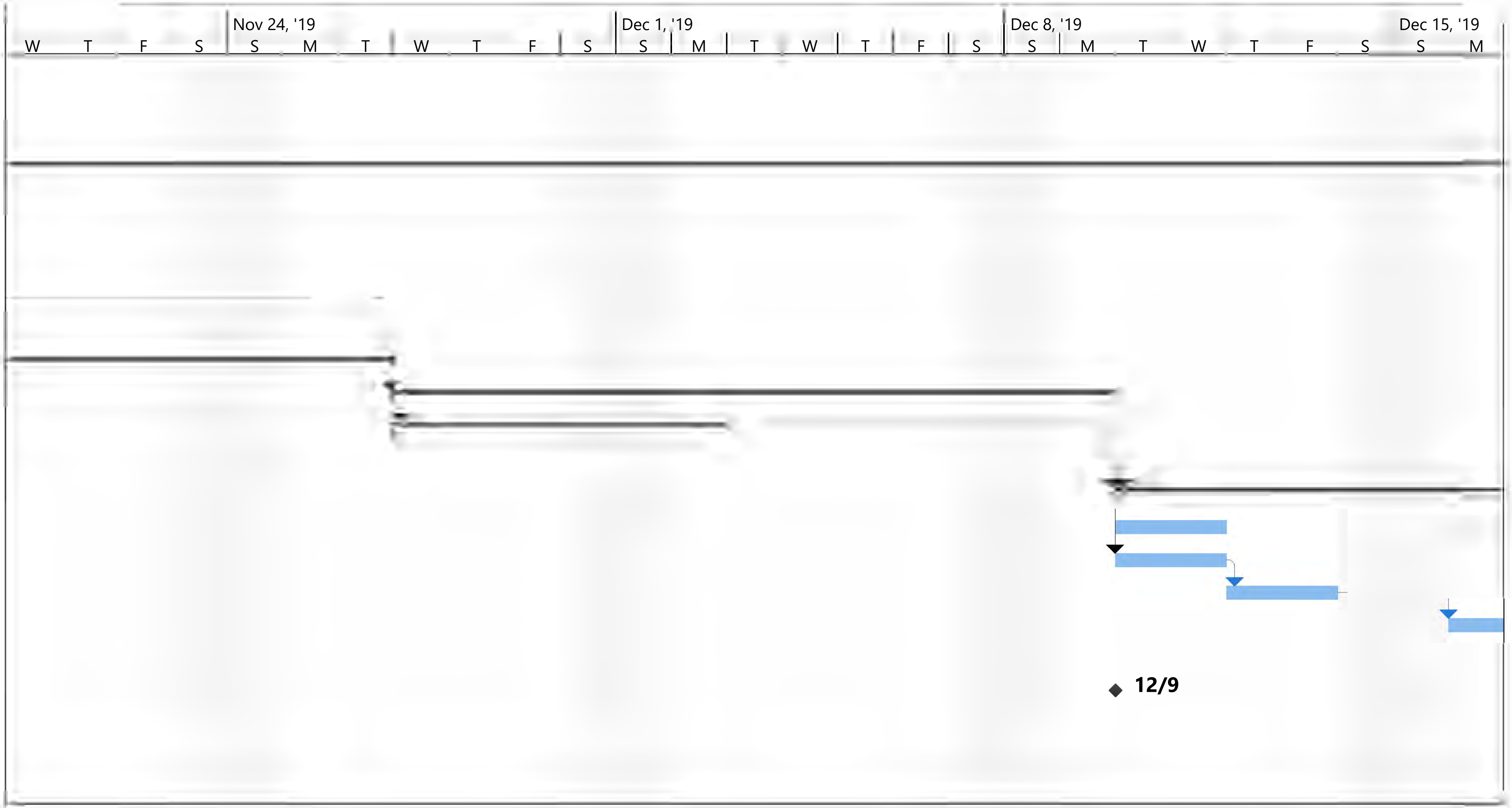
				Nov 24, '19							Dec 1, '19							Dec 8, '19							Dec 15, '19	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	─
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

				Nov 24, '19							Dec 1, '19							Dec 8, '19							Dec 15, '19	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┅	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task	▭	Start-only	┃		
Inactive Milestone	◇	Finish-only	┃		

, '19						Dec 22, '19							Dec 29, '19							Jan 5, '20						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

, '19 Dec 22, '19 Dec 29, '19 Jan 5, '20

M T W T F S S M T W T F S S M T W T F S S M T W T F S

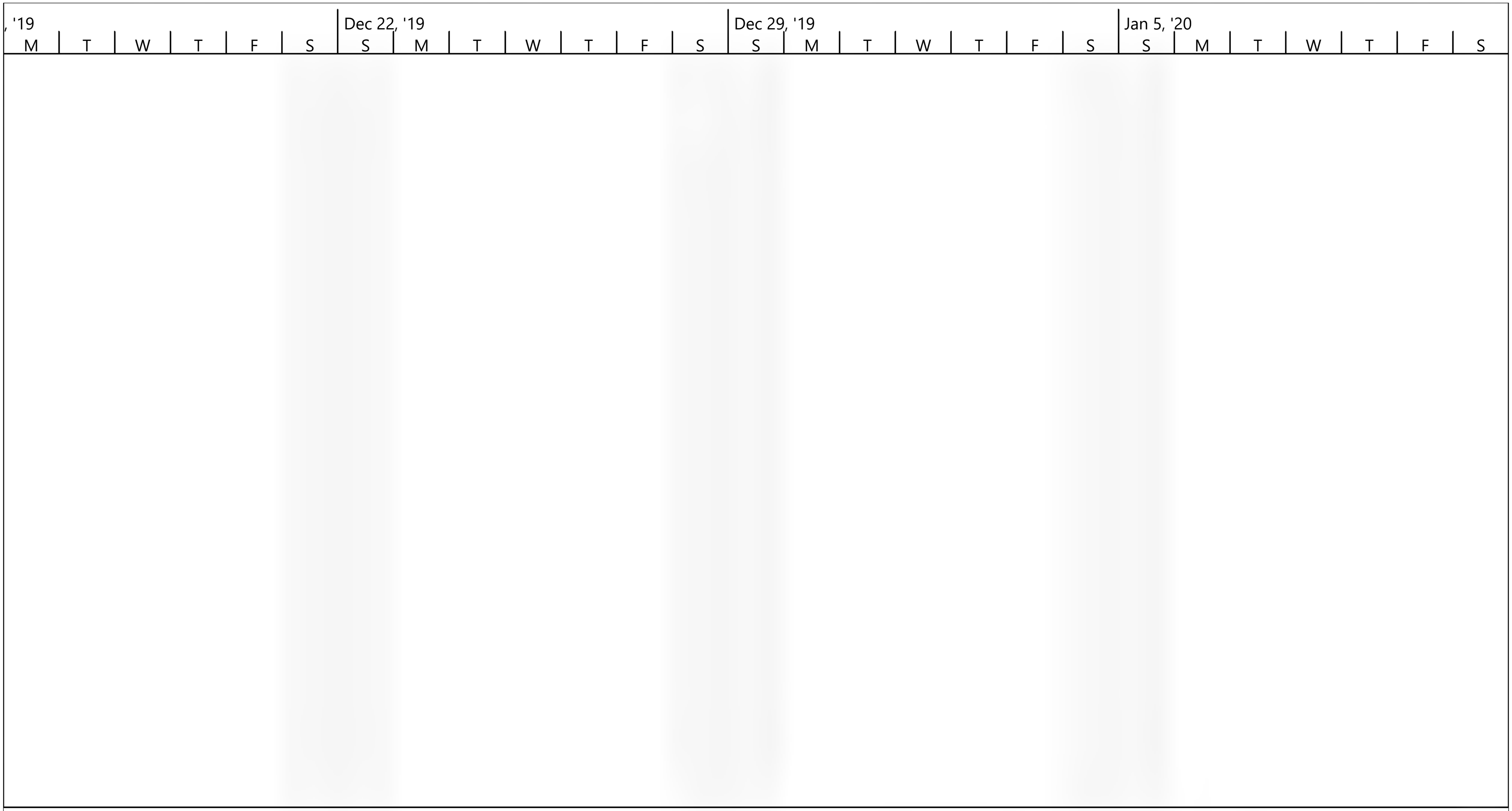
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	⊓	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

, '19						Dec 22, '19							Dec 29, '19							Jan 5, '20						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

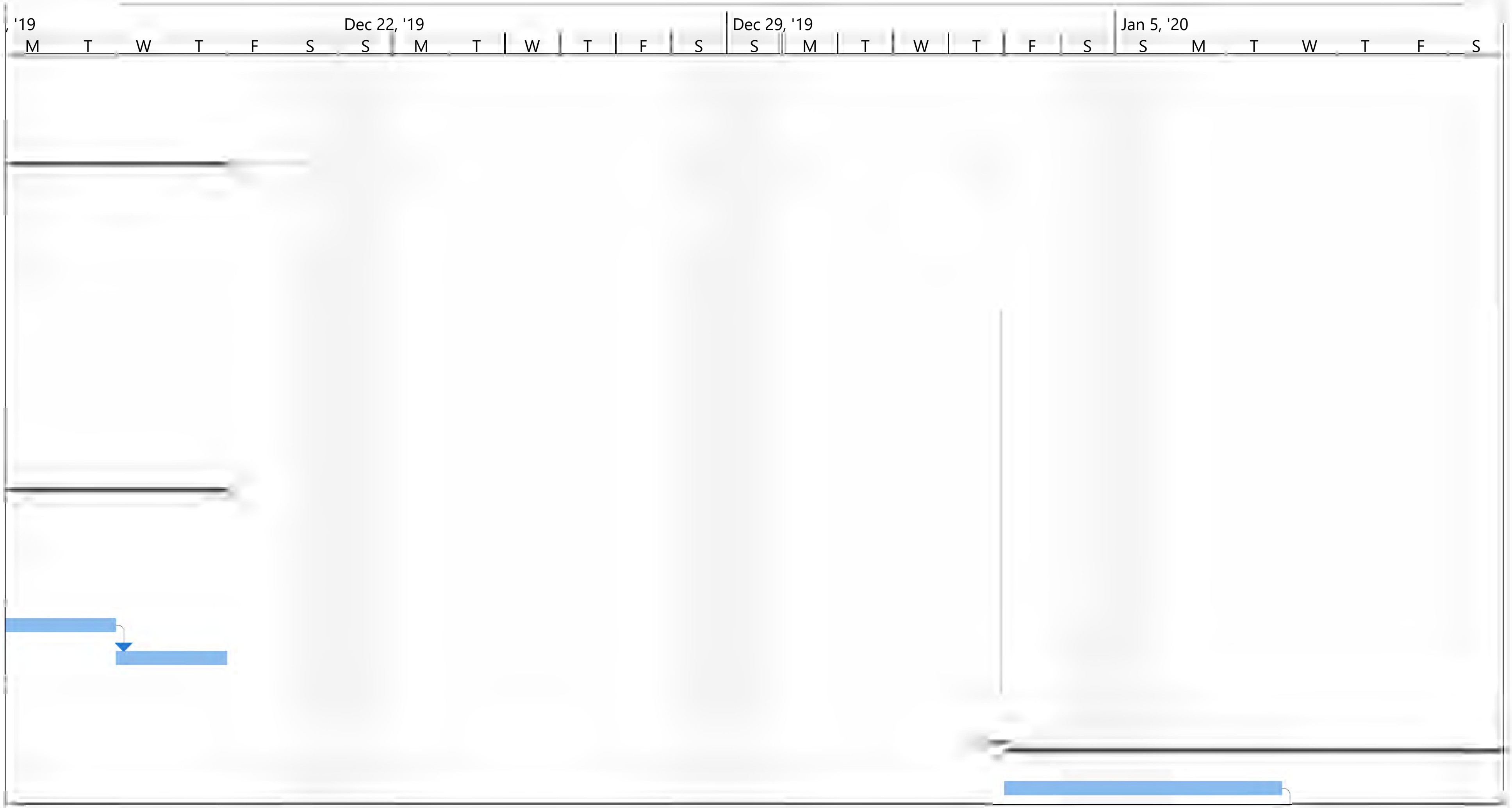
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	↓
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



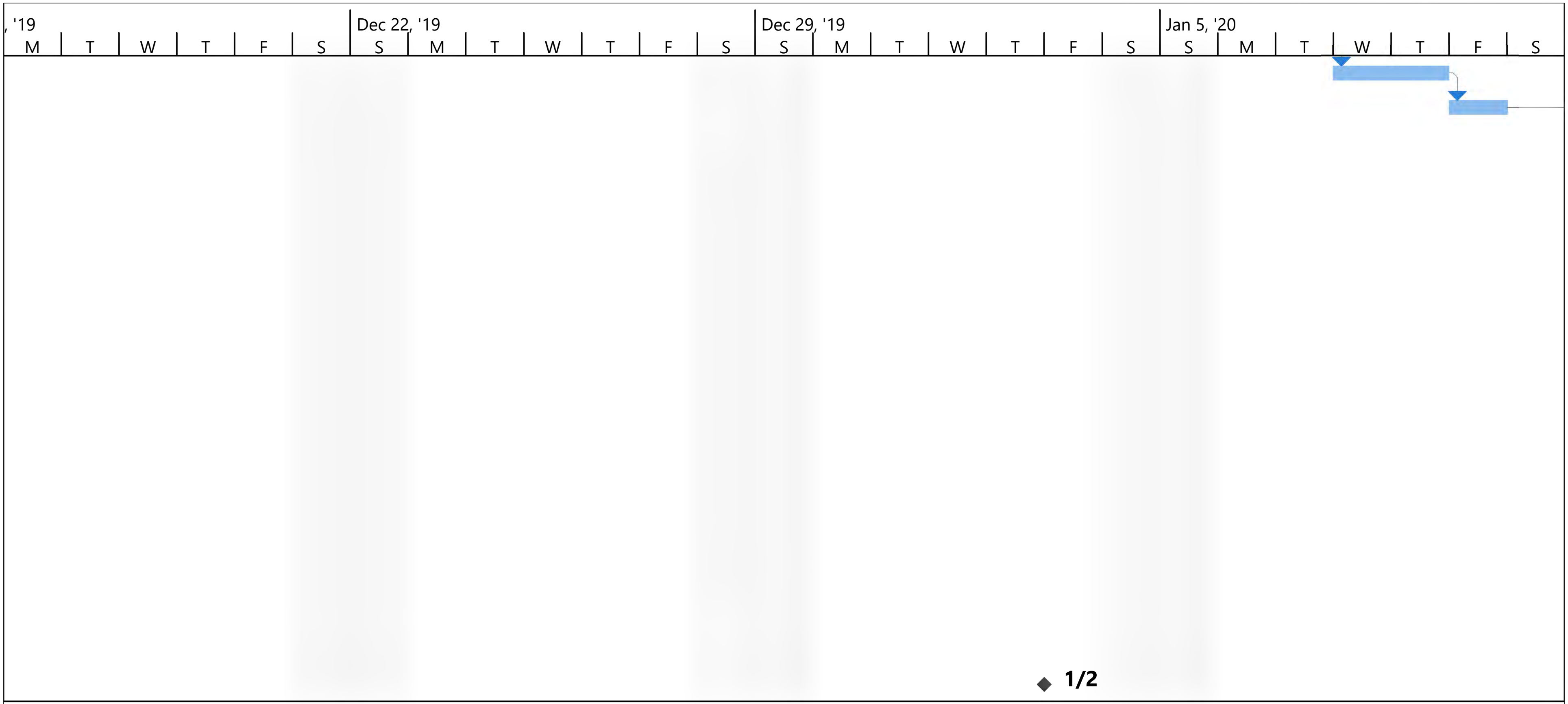
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task		Inactive Summary		External Tasks	
Split		Manual Task		External Milestone	◆
Milestone	◆	Duration-only		Deadline	⬇
Summary		Manual Summary Rollup		Progress	
Project Summary		Manual Summary		Manual Progress	
Inactive Task		Start-only			
Inactive Milestone		Finish-only			



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌──┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌──┐	Manual Summary	┌──┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jan 12, '20						Jan 19, '20							Jan 26, '20							Feb 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jan 12, '20							Jan 19, '20							Jan 26, '20							Feb 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

	Jan 12, '20						Jan 19, '20							Jan 26, '20							Feb 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌──┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌──┐	Manual Summary	┌──┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jan 12, '20							Jan 19, '20							Jan 26, '20							Feb 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jan 12, '20							Jan 19, '20							Jan 26, '20							Feb 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

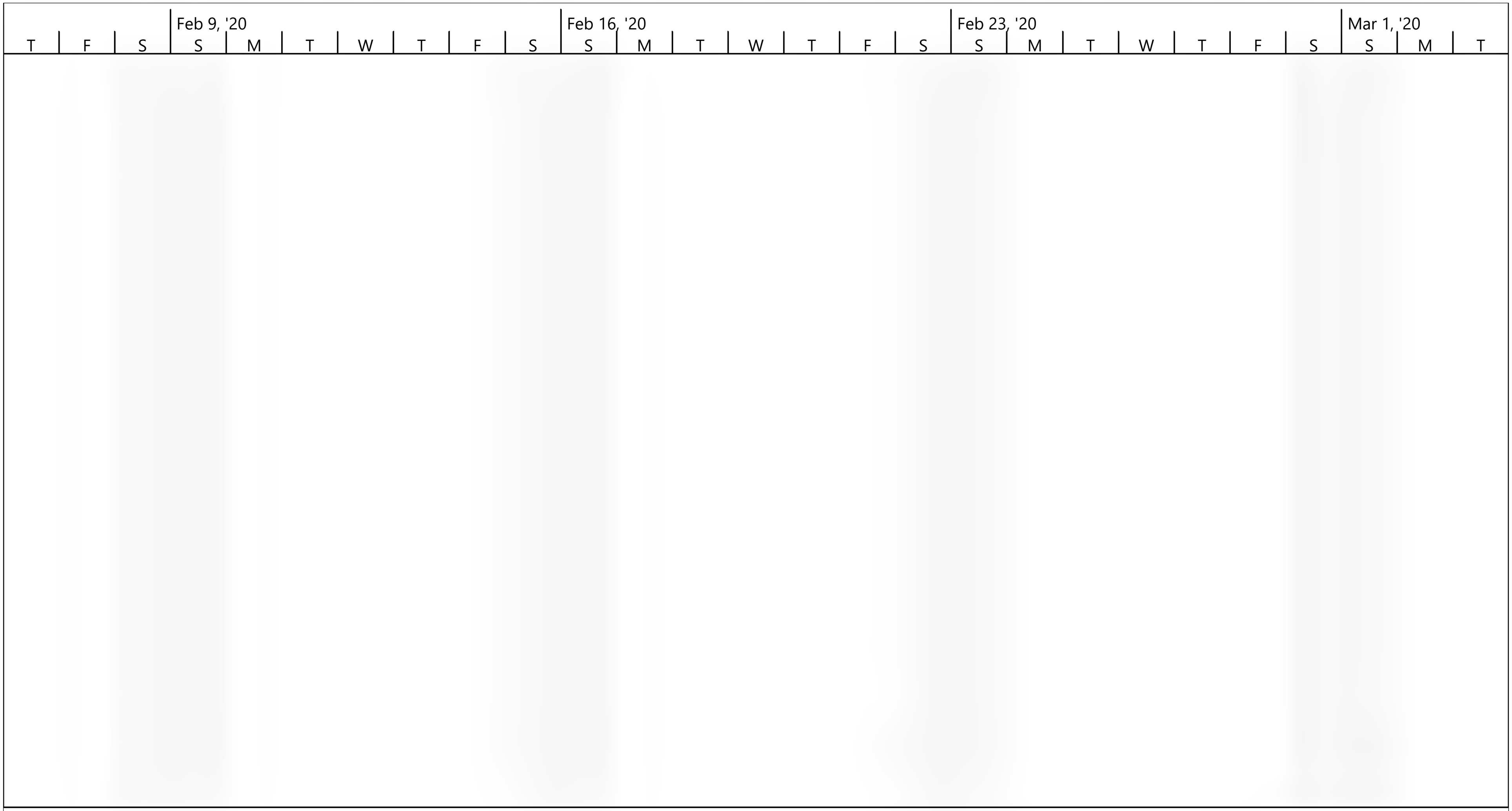
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

			Feb 9, '20							Feb 16, '20							Feb 23, '20							Mar 1, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

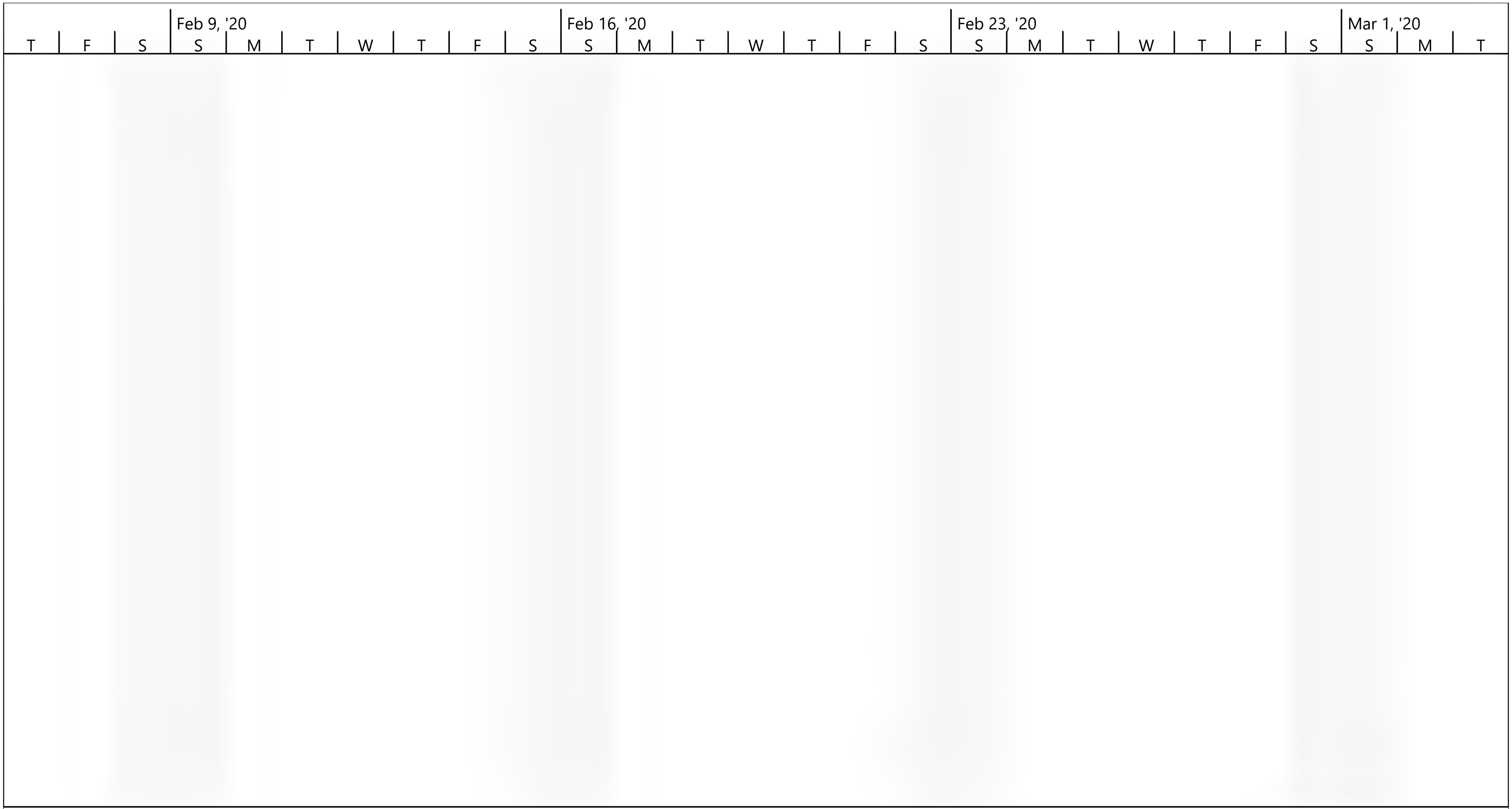
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

			Feb 9, '20							Feb 16, '20							Feb 23, '20							Mar 1, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

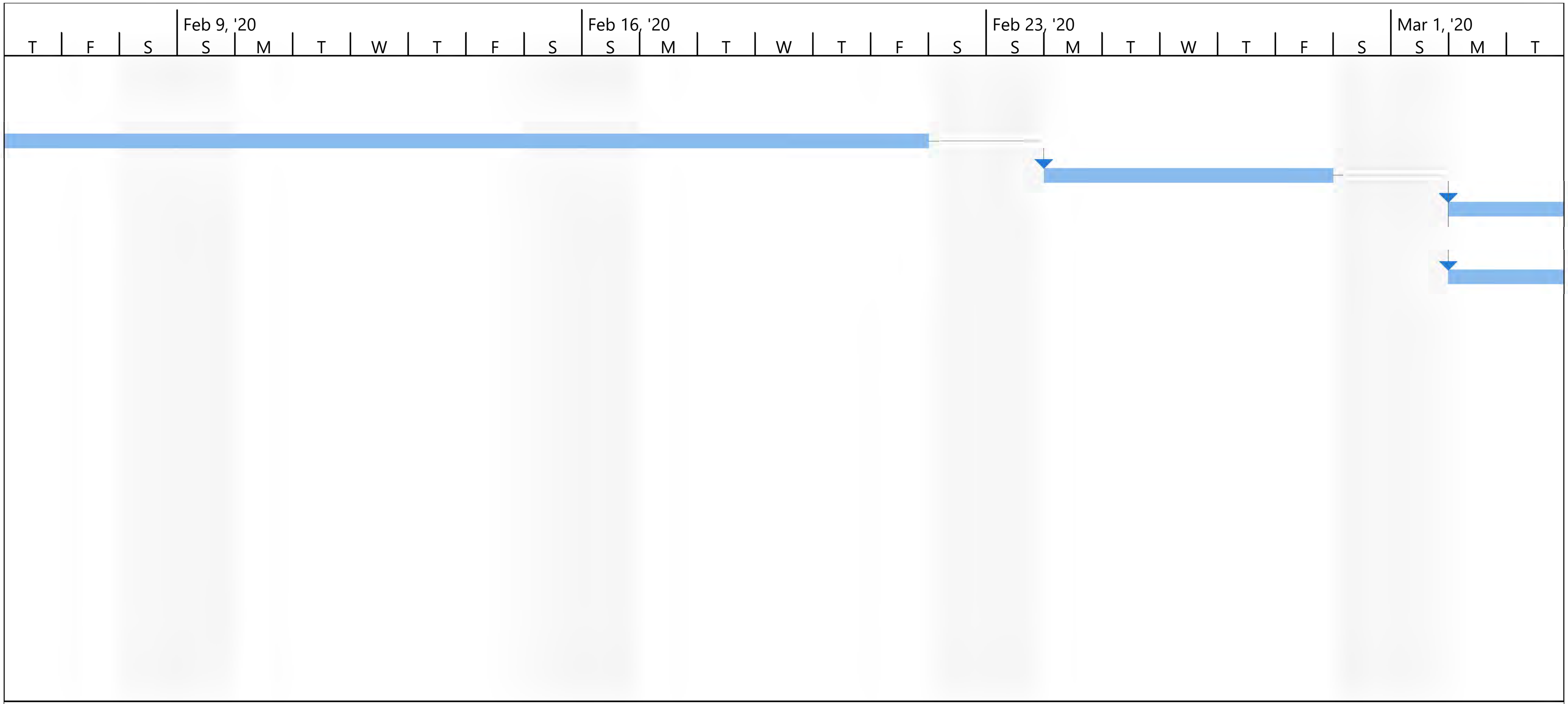
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task		Inactive Summary		External Tasks	
Split		Manual Task		External Milestone	◆
Milestone	◆	Duration-only		Deadline	⬇
Summary		Manual Summary Rollup		Progress	
Project Summary		Manual Summary		Manual Progress	
Inactive Task		Start-only			
Inactive Milestone		Finish-only			

			Feb 9, '20							Feb 16, '20							Feb 23, '20							Mar 1, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	▬	Manual Summary Rollup	▬	Progress	━
Project Summary	▬	Manual Summary	▬	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Task	▬	Inactive Summary	─	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

					Mar 8, '20							Mar 15, '20							Mar 22, '20							Mar 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

					Mar 8, '20							Mar 15, '20							Mar 22, '20							Mar 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	─	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

					Mar 8, '20							Mar 15, '20							Mar 22, '20							Mar 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	─	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

					Mar 8, '20							Mar 15, '20							Mar 22, '20							Mar 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

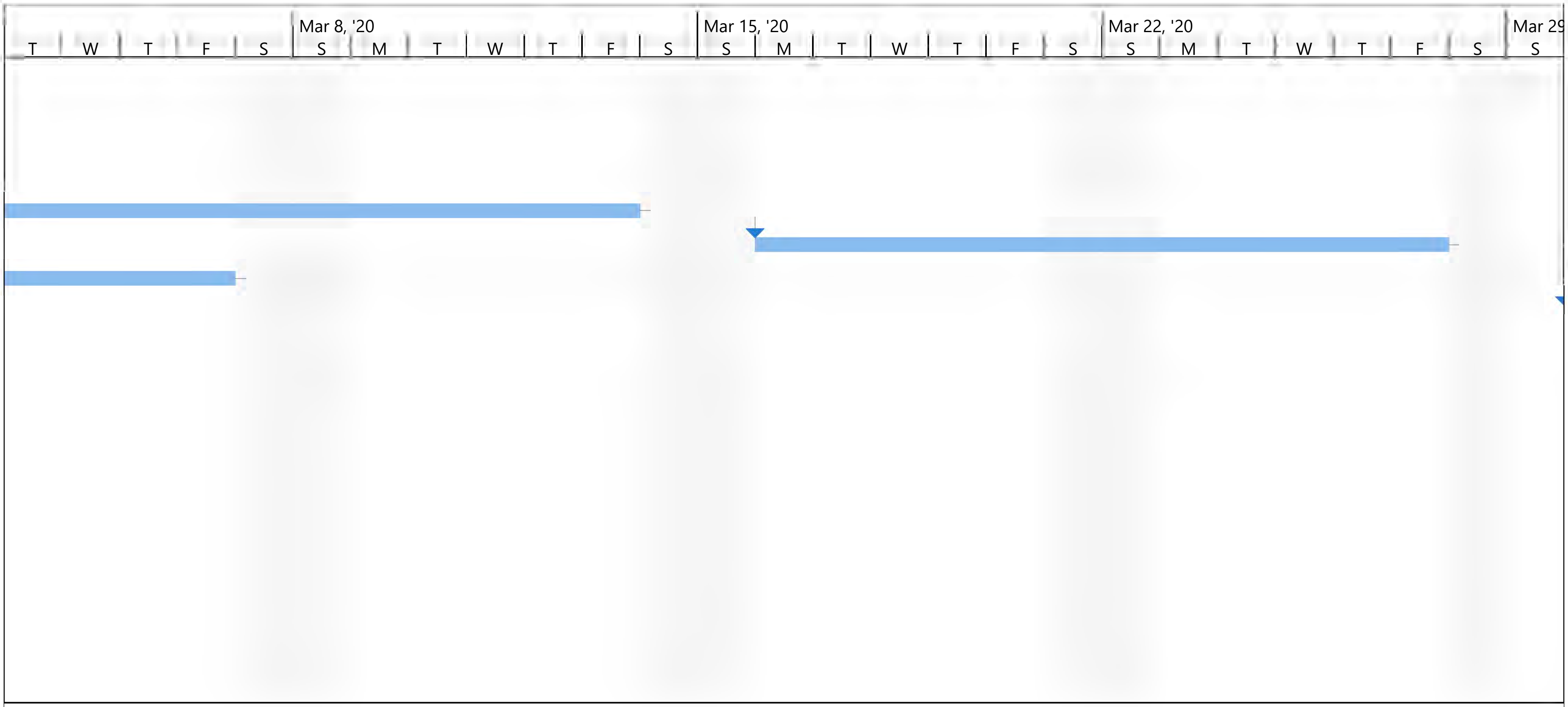
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▕		
Inactive Milestone		Finish-only	▕		

					Mar 8, '20							Mar 15, '20							Mar 22, '20							Mar 29
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	—
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	—
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 29, '20							Apr 5, '20							Apr 12, '20							Apr 19, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

Mar 29, '20							Apr 5, '20							Apr 12, '20							Apr 19, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 29, '20							Apr 5, '20							Apr 12, '20							Apr 19, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 29, '20							Apr 5, '20							Apr 12, '20							Apr 19, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

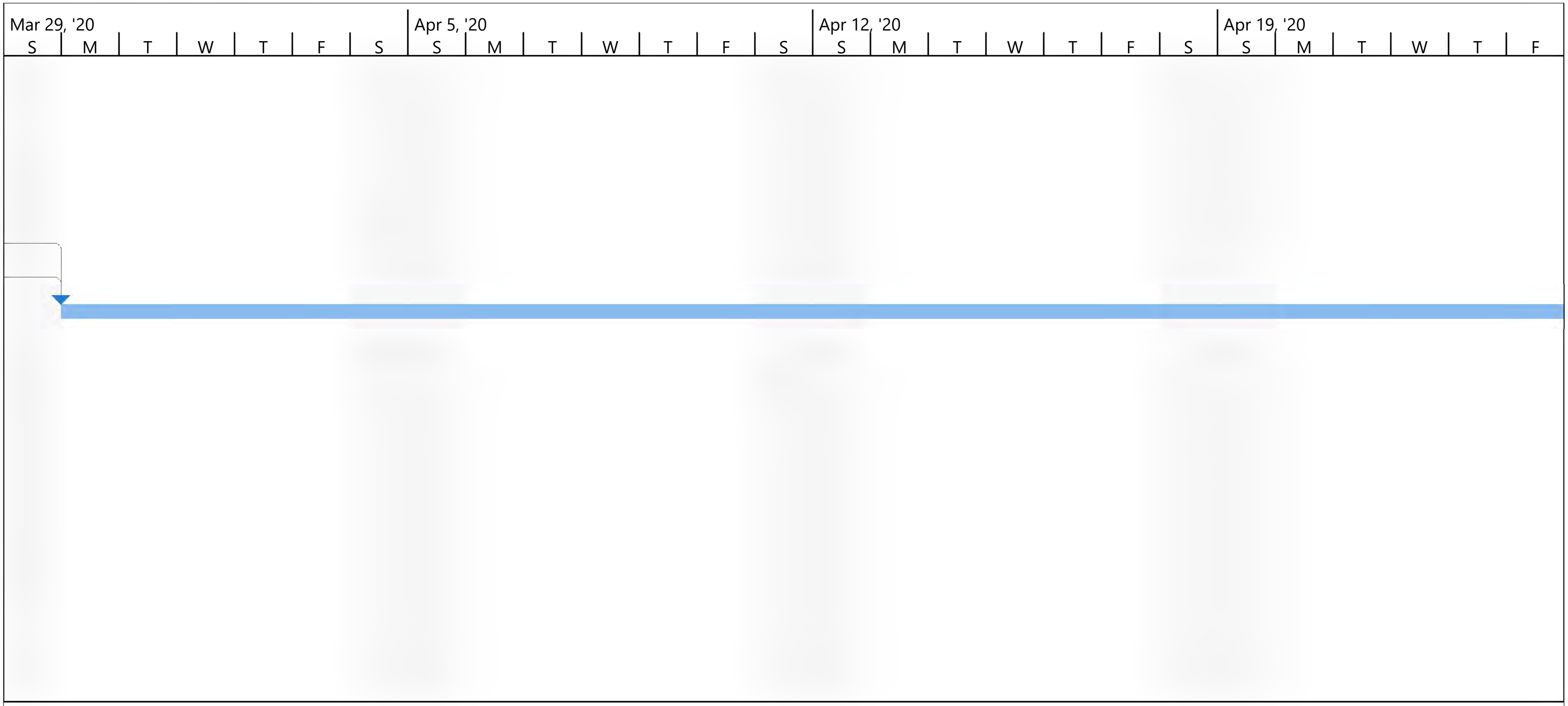
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Mar 29, '20							Apr 5, '20							Apr 12, '20							Apr 19, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 26, '20							May 3, '20							May 10, '20							May 17, '20			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

		Apr 26, '20							May 3, '20							May 10, '20							May 17, '20			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	━	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 26, '20							May 3, '20							May 10, '20							May 17, '20			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

		Apr 26, '20							May 3, '20							May 10, '20							May 17, '20			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

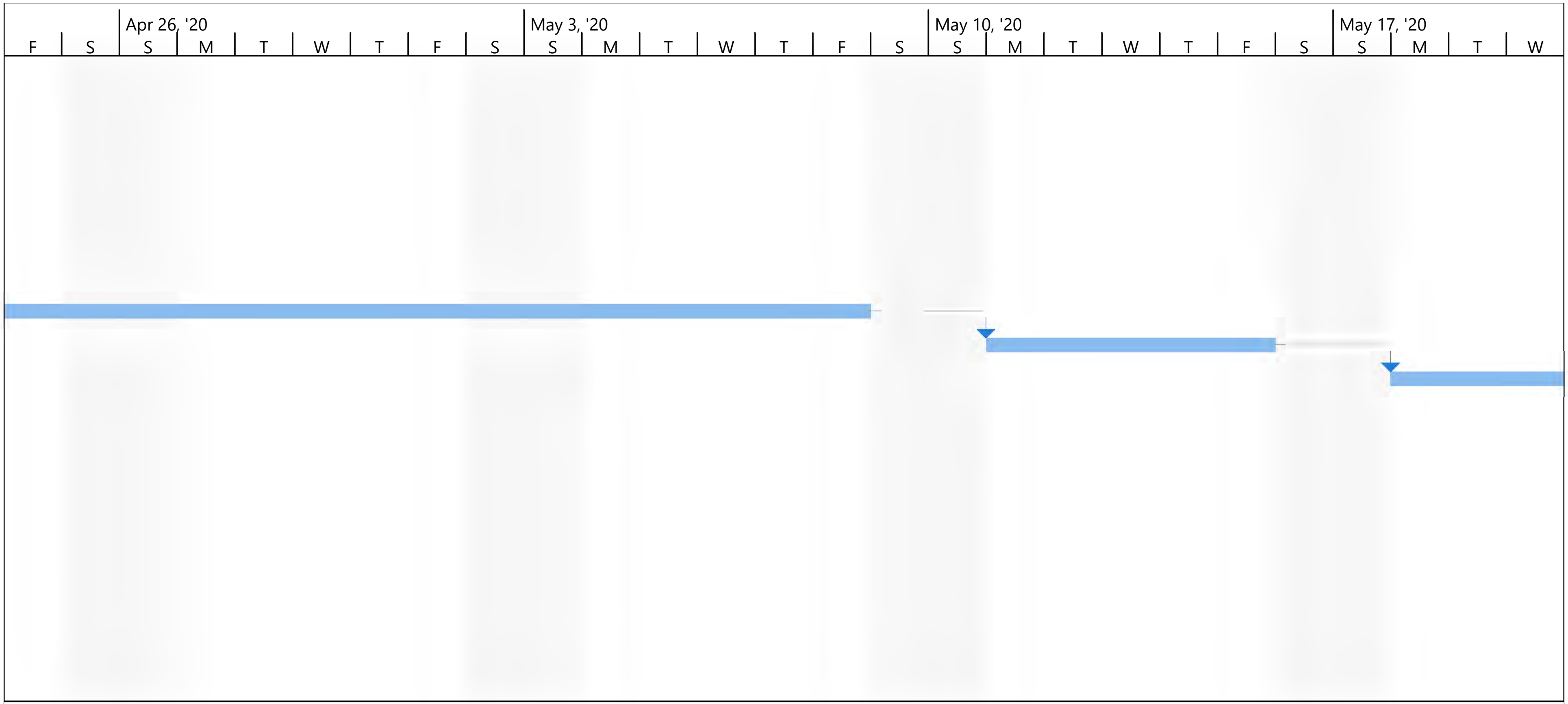
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	┌─┐	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	┃		
Inactive Milestone		Finish-only	┃		

		Apr 26, '20							May 3, '20							May 10, '20							May 17, '20			
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	❘		
Inactive Milestone		Finish-only	❘		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

				May 24, '20							May 31, '20							Jun 7, '20							Jun 14, '20	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task	▭	Start-only	▏		
Inactive Milestone	◇	Finish-only	▕		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	▬
Project Summary	⎴	Manual Summary	⎴	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

				May 24, '20							May 31, '20							Jun 7, '20							Jun 14, '20	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

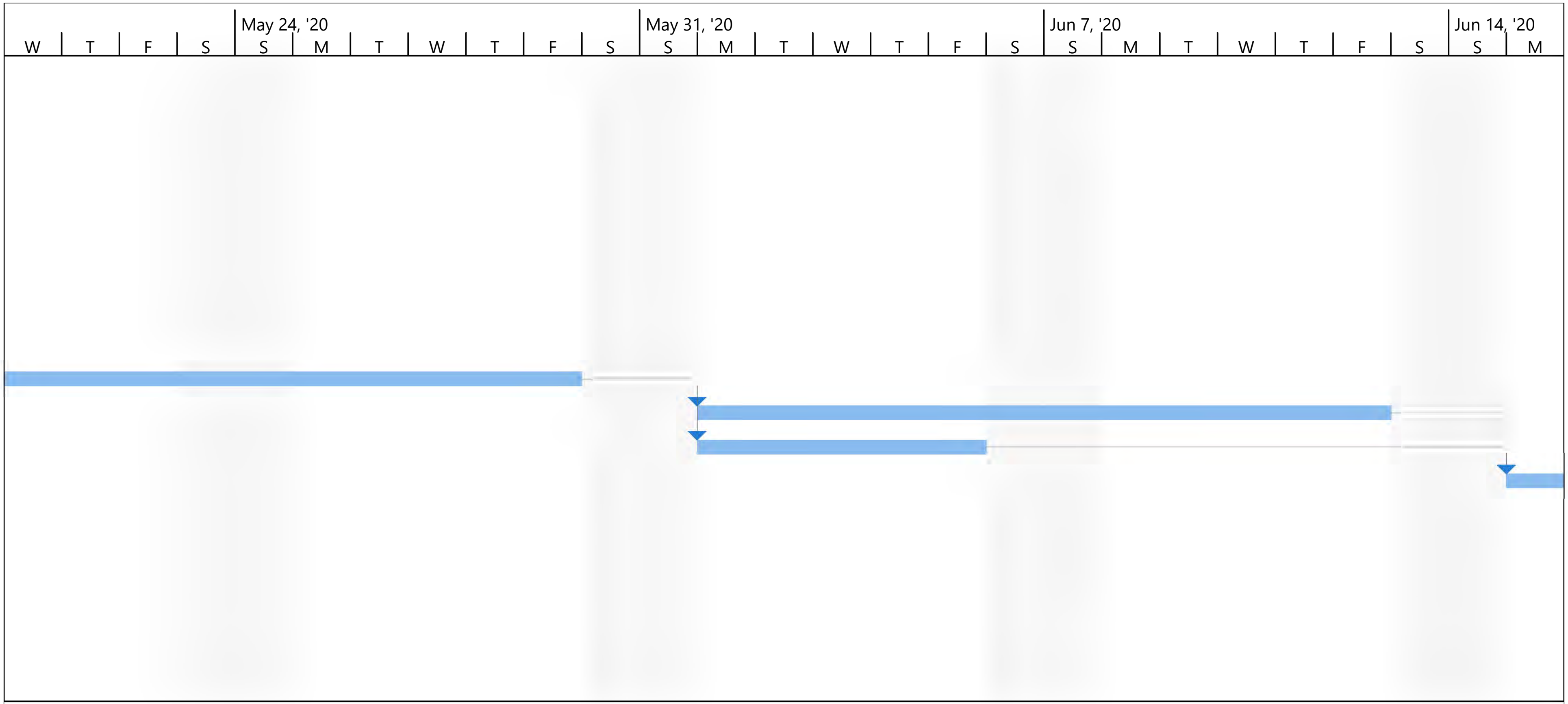
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

				May 24, '20							May 31, '20							Jun 7, '20							Jun 14, '20	
W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	⋯	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

'20						Jun 21, '20							Jun 28, '20							Jul 5, '20						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	|		
Inactive Milestone		Finish-only	|		

'20						Jun 21, '20							Jun 28, '20							Jul 5, '20						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	⊓	External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	―
Project Summary	⊓	Manual Summary	⊓	Manual Progress	―
Inactive Task		Start-only	❘		
Inactive Milestone		Finish-only	❘		

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┊┊┊┊┊┊	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

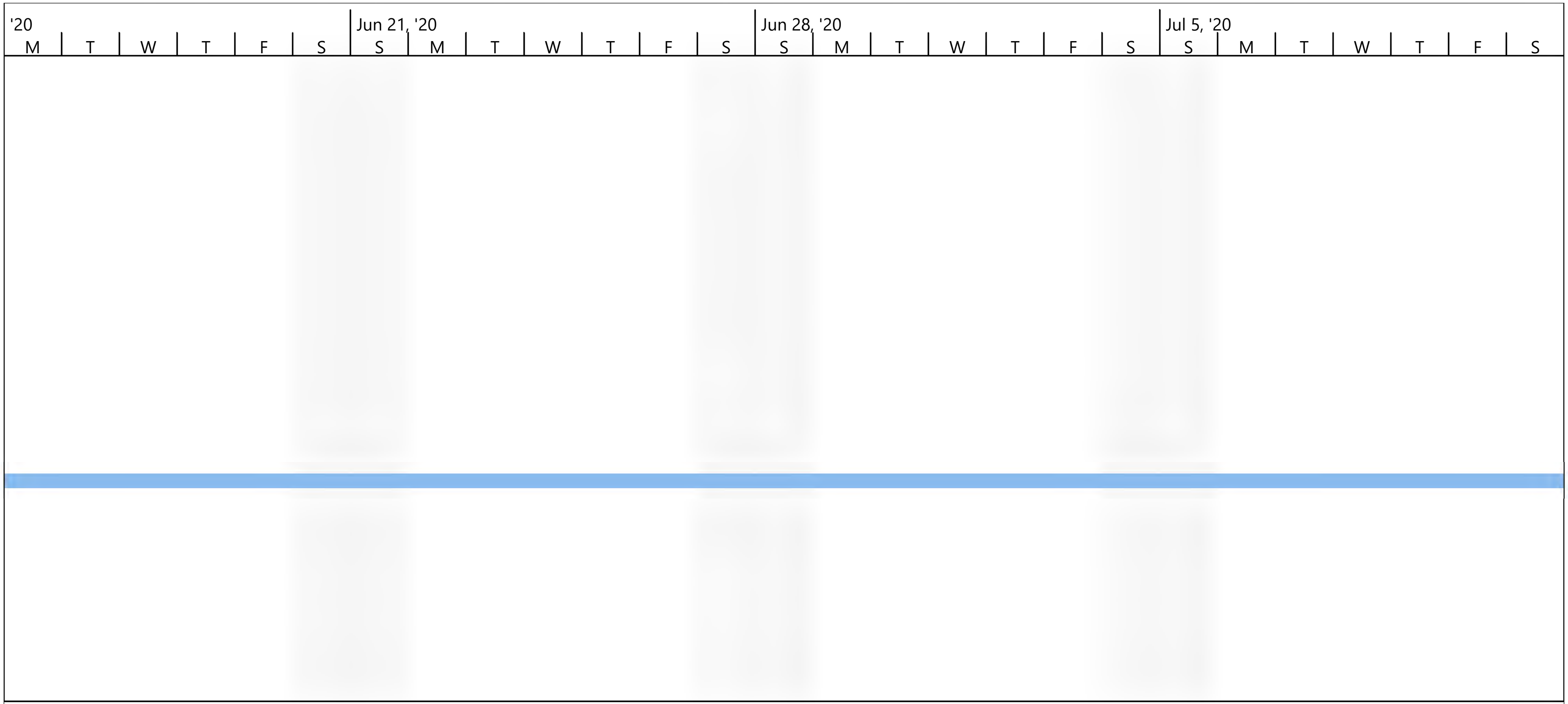
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	―
Project Summary	⊓	Manual Summary	⊓	Manual Progress	―
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

'20						Jun 21, '20							Jun 28, '20							Jul 5, '20						
M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	―
Project Summary	⎴	Manual Summary	⎴	Manual Progress	―
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

	Jul 12, '20						Jul 19, '20						Jul 26, '20						Aug 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┄	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

	Jul 12, '20							Jul 19, '20							Jul 26, '20							Aug 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jul 12, '20							Jul 19, '20							Jul 26, '20							Aug 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

	Jul 12, '20							Jul 19, '20							Jul 26, '20							Aug 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

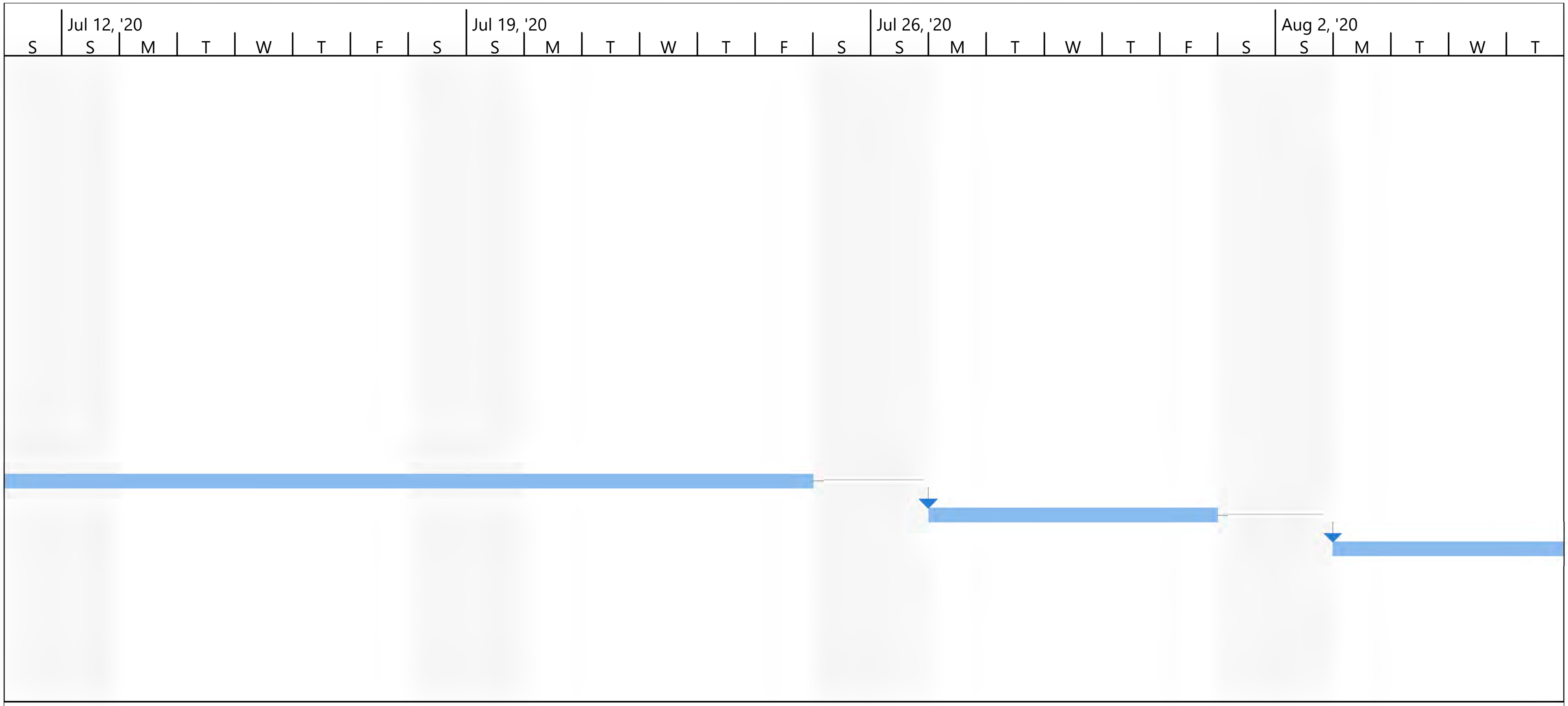
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┆┆┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

	Jul 12, '20						Jul 19, '20							Jul 26, '20							Aug 2, '20				
S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

			Aug 9, '20							Aug 16, '20							Aug 23, '20							Aug 30, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

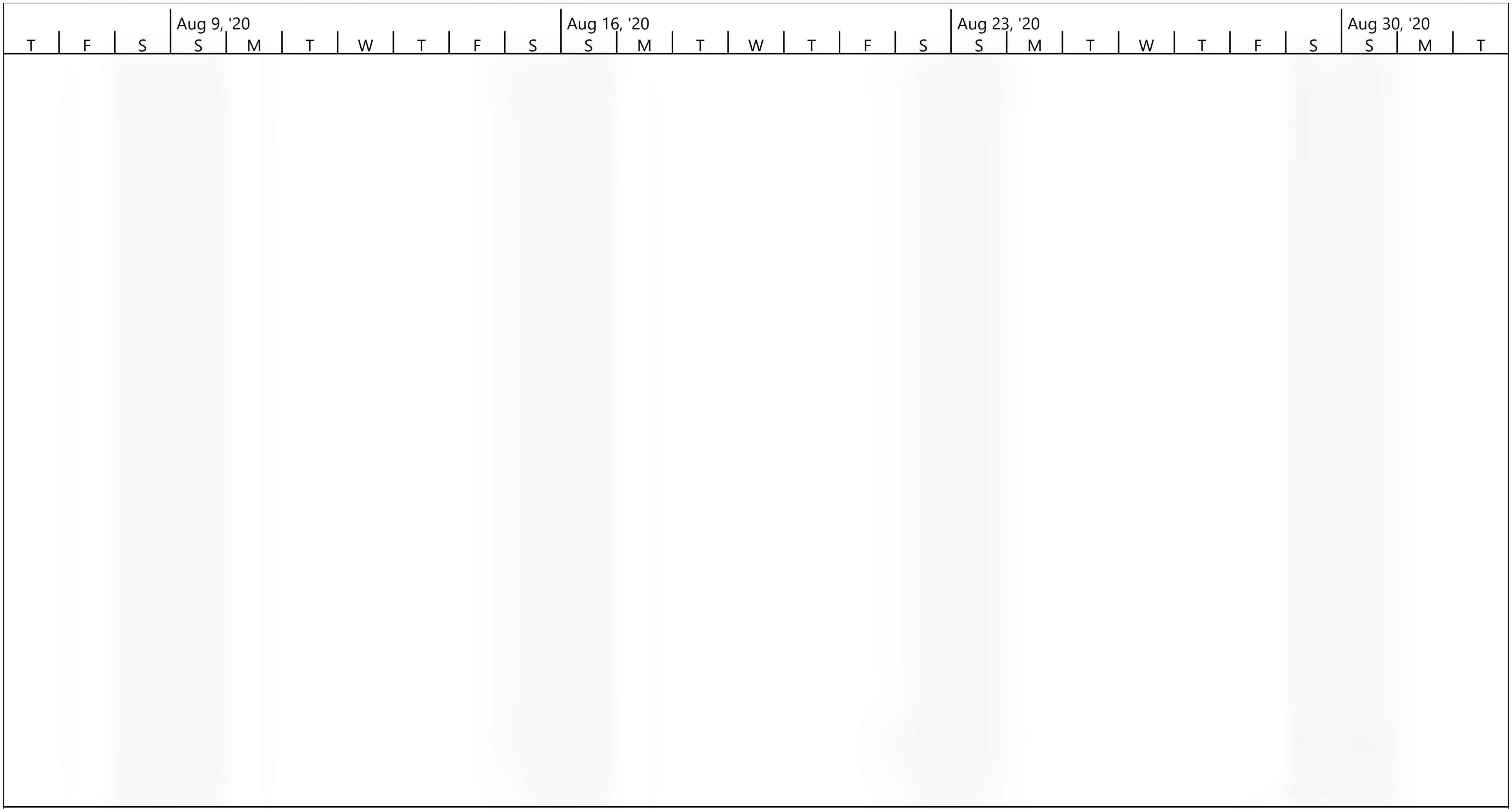
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⎴	Manual Summary Rollup	▬	Progress	─
Project Summary	⎴	Manual Summary	⎴	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

			Aug 9, '20							Aug 16, '20							Aug 23, '20							Aug 30, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp Date: Mon 12/3/18	Task	▬	Inactive Summary		External Tasks	▬
	Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
	Milestone	◆	Duration-only	▬	Deadline	⬇
	Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
	Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
	Inactive Task		Start-only	▏		
	Inactive Milestone		Finish-only	▏		

			Aug 9, '20							Aug 16, '20							Aug 23, '20							Aug 30, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

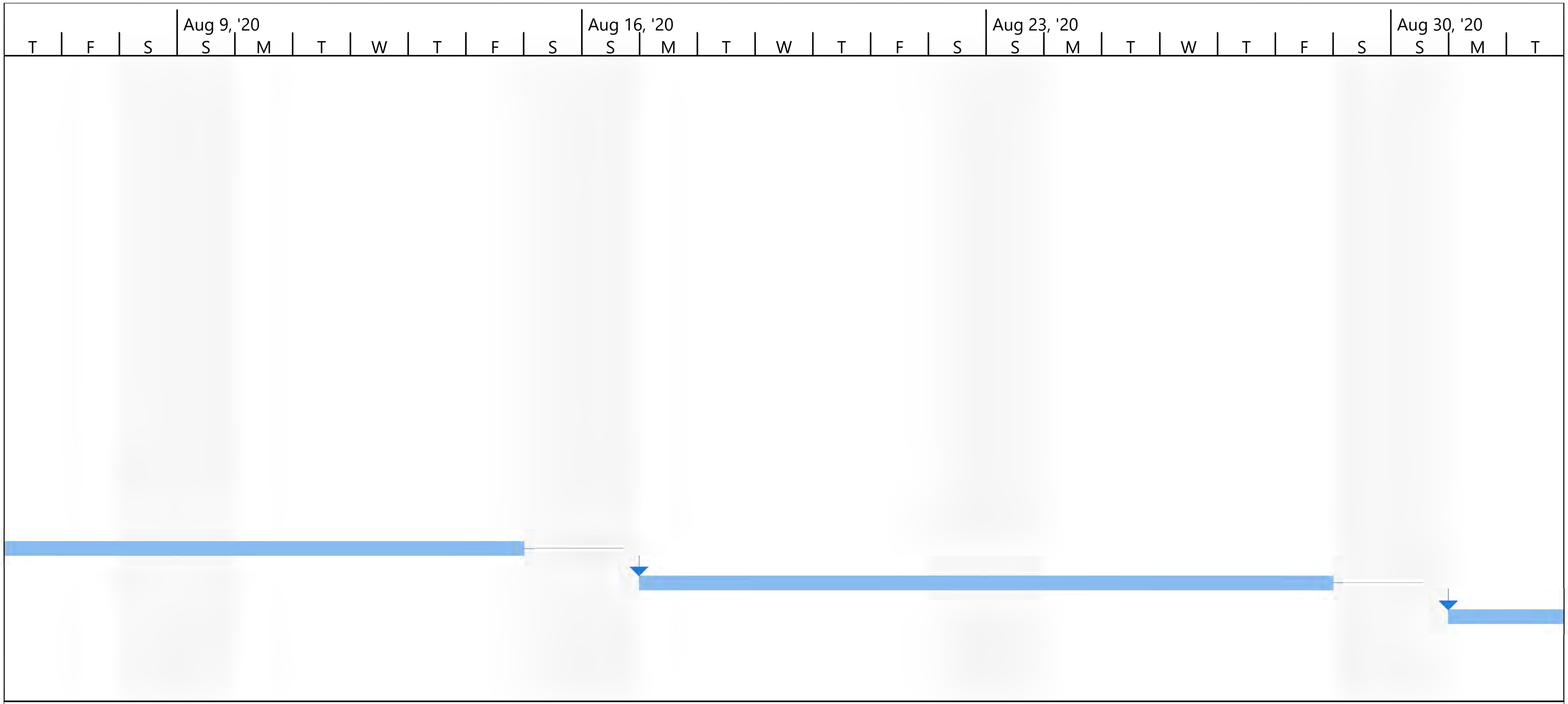
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	━
Project Summary	⊓	Manual Summary	⊓	Manual Progress	━
Inactive Task		Start-only	▌		
Inactive Milestone		Finish-only	▌		

			Aug 9, '20							Aug 16, '20							Aug 23, '20							Aug 30, '20		
T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

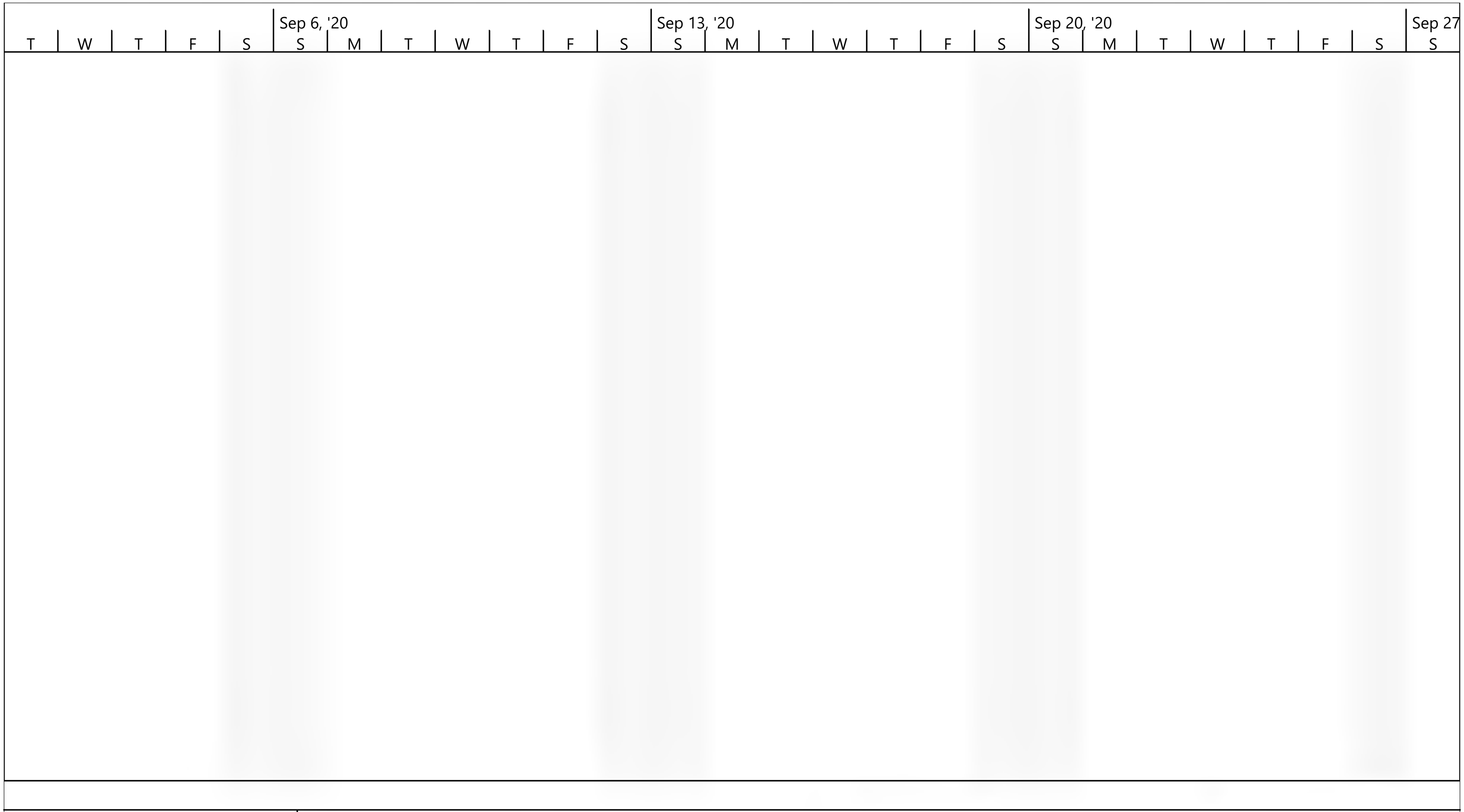


Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┆┆┆┆┆┆	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	┃		
Inactive Milestone		Finish-only	┃		

					Sep 6, '20							Sep 13, '20							Sep 20, '20							Sep 27
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Task	▬	Inactive Summary		External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



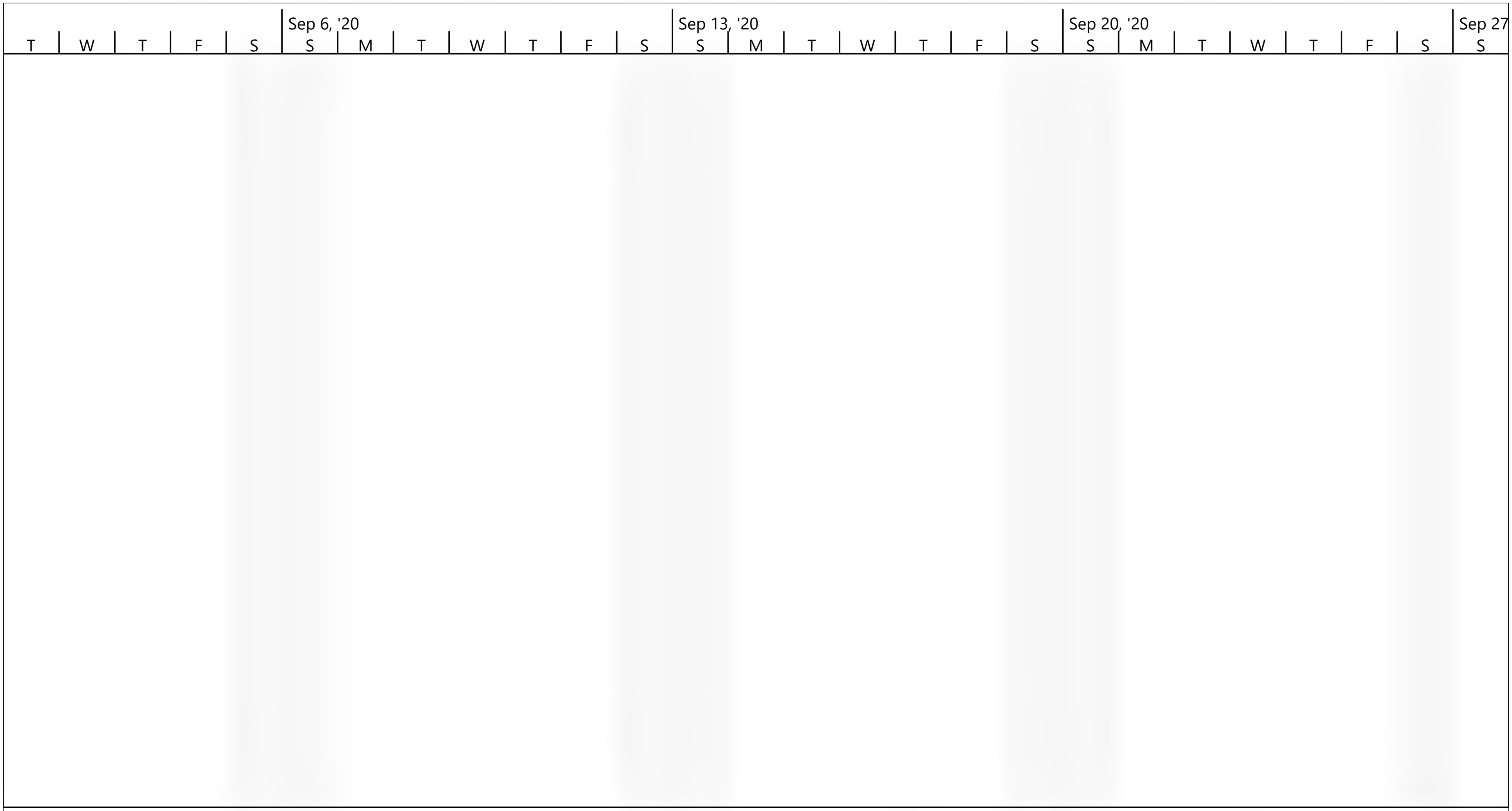
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	―
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	―
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

					Sep 6, '20							Sep 13, '20							Sep 20, '20							Sep 27
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌┐	Manual Summary Rollup	▬	Progress	▬
Project Summary	┌┐	Manual Summary	┌┐	Manual Progress	▬
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



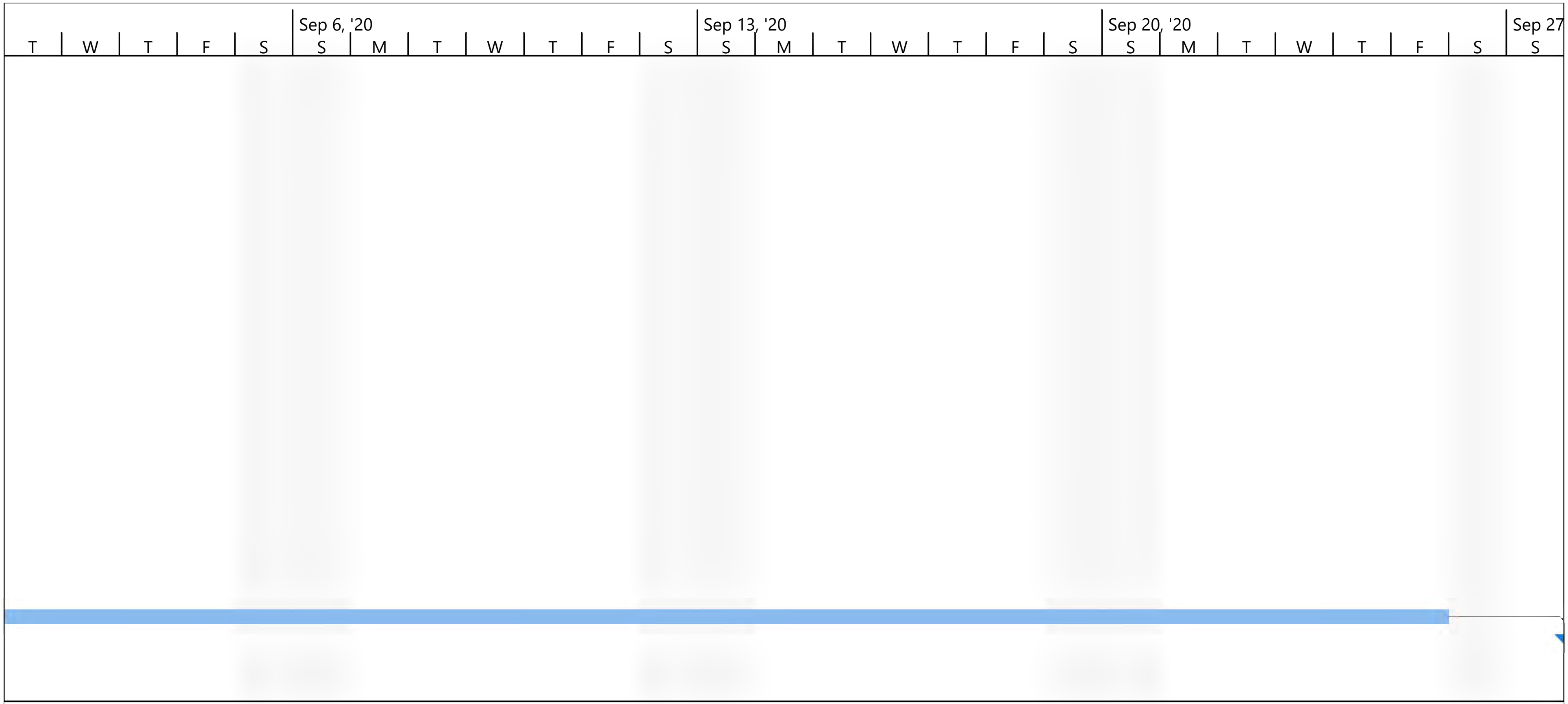
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		

					Sep 6, '20							Sep 13, '20							Sep 20, '20							Sep 27
T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S

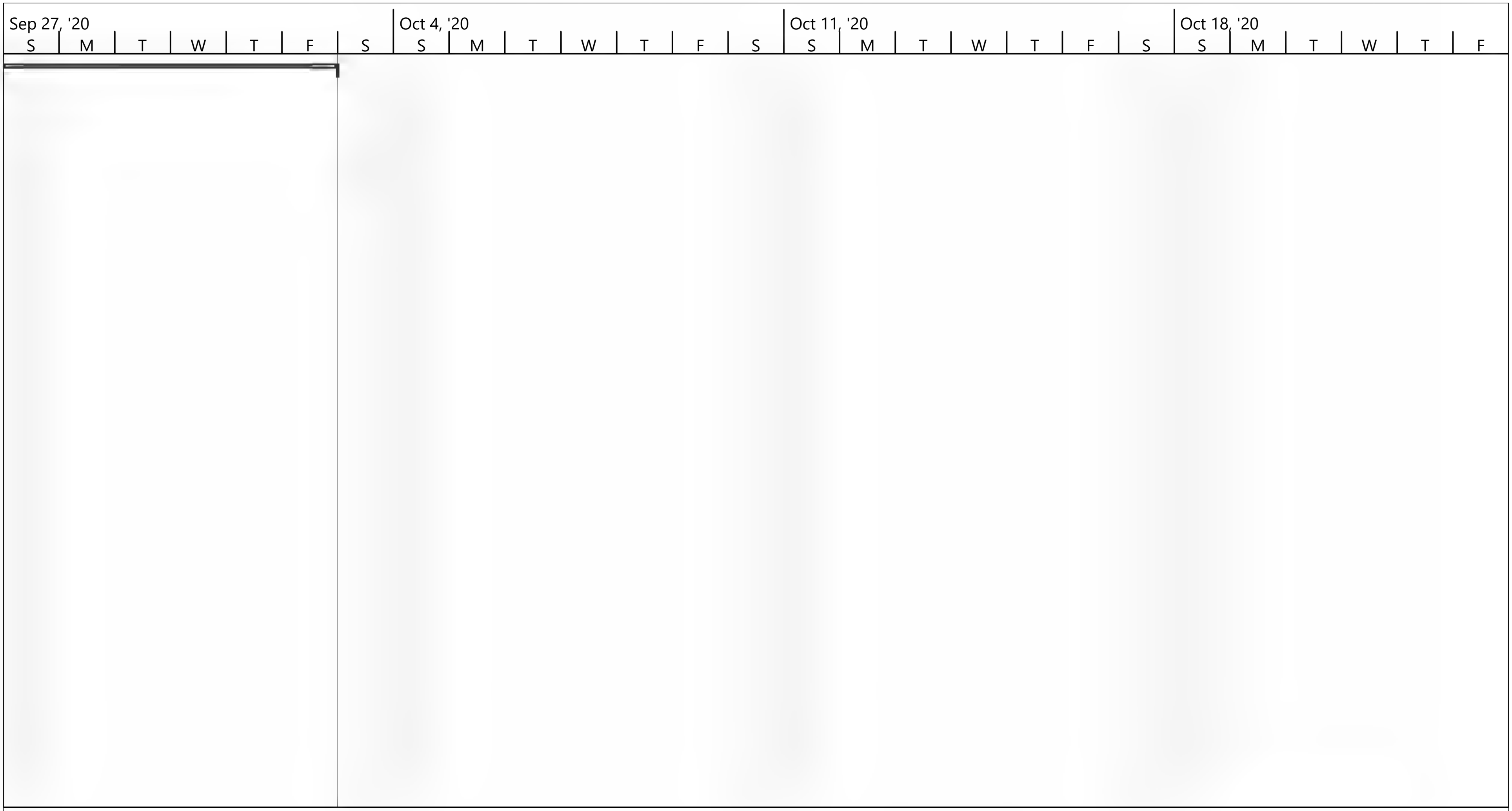
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Sep 27, '20							Oct 4, '20							Oct 11, '20							Oct 18, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▬	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┏━┓	Manual Summary Rollup	▬	Progress	━
Project Summary	┏━┓	Manual Summary	┏━┓	Manual Progress	━
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Sep 27, '20							Oct 4, '20							Oct 11, '20							Oct 18, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

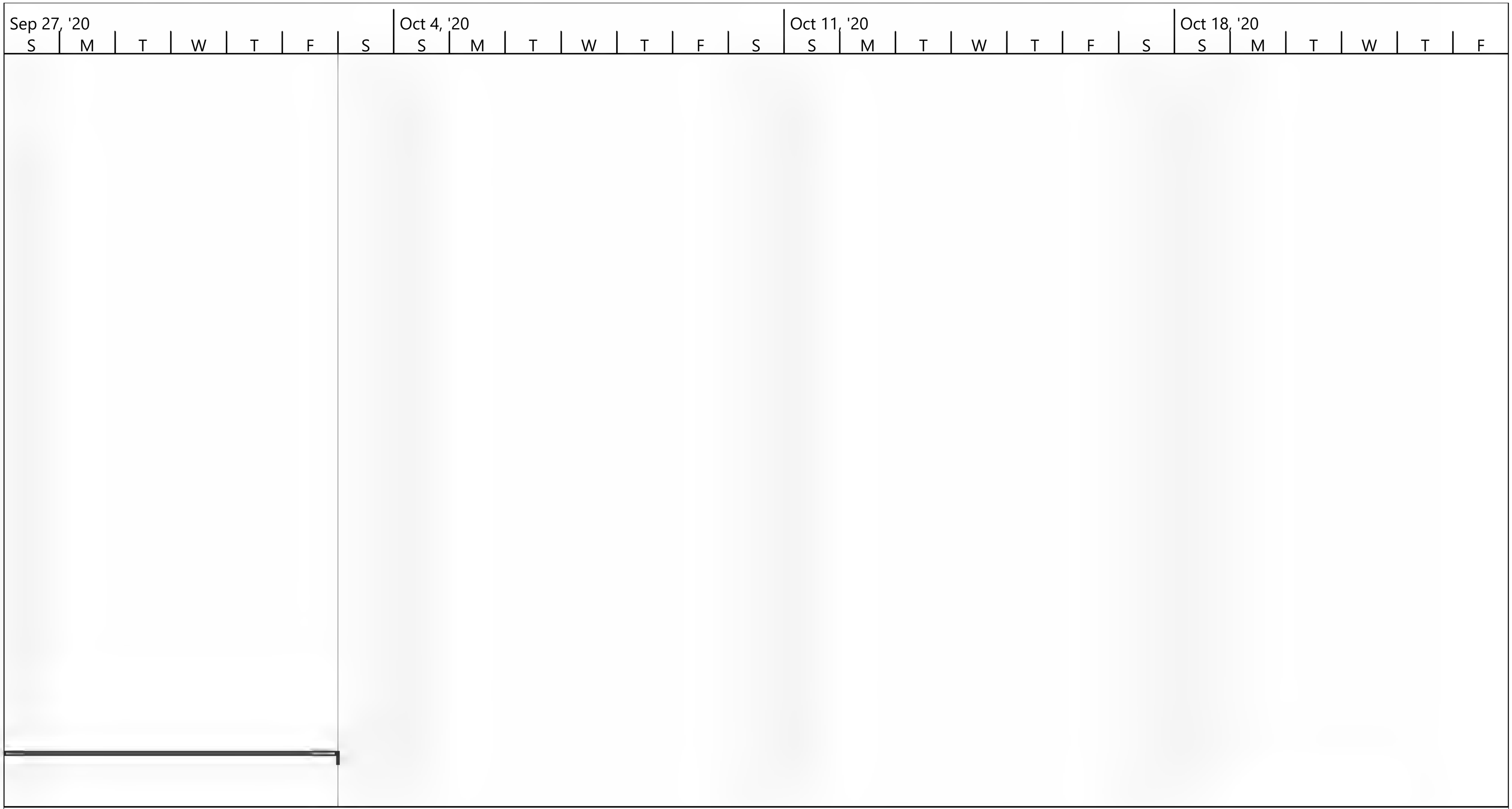
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈┈┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	―
Project Summary	⊓	Manual Summary	⊓	Manual Progress	―
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▕		

Sep 27, '20							Oct 4, '20							Oct 11, '20							Oct 18, '20					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F

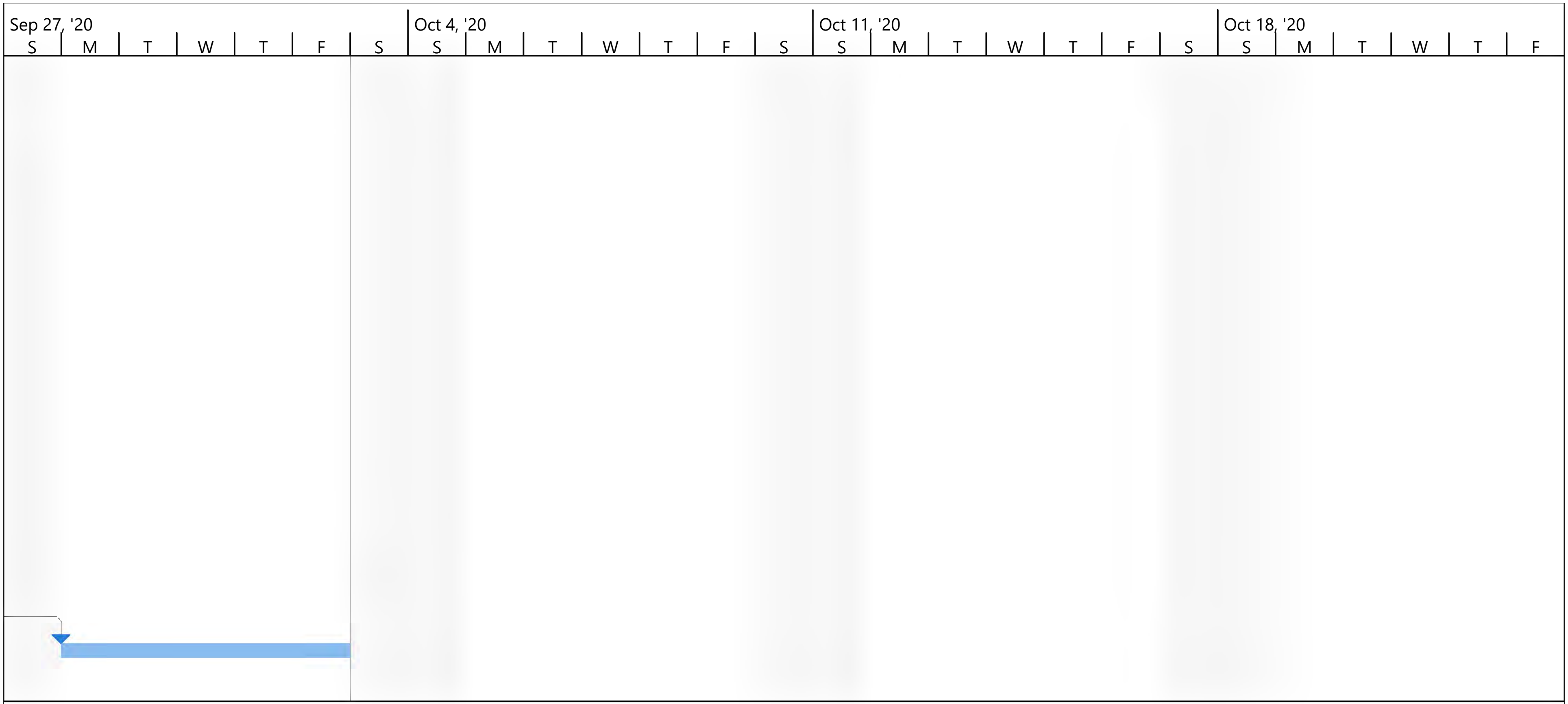
Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	┅	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⇩
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary		External Tasks	▬
Split	⋯	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	⊓	Manual Summary Rollup	▬	Progress	─
Project Summary	⊓	Manual Summary	⊓	Manual Progress	─
Inactive Task		Start-only	▏		
Inactive Milestone		Finish-only	▏		



Project: AR-DCO-DXC.mpp
Date: Mon 12/3/18

Task	▬	Inactive Summary	▭	External Tasks	▬
Split	┈	Manual Task	▬	External Milestone	◆
Milestone	◆	Duration-only	▬	Deadline	⬇
Summary	┌─┐	Manual Summary Rollup	▬	Progress	─
Project Summary	┌─┐	Manual Summary	┌─┐	Manual Progress	─
Inactive Task		Start-only	▕		
Inactive Milestone		Finish-only	▕		

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SUBCONTRACTOR: □ Yes ☒ No

SUBCONTRACTOR NAME:

TAXPAYER ID NAME: DXC Technology Services LLC

IS THIS FOR: □ Goods? ☒ Services? □ Both?

YOUR LAST NAME: Herzog FIRST NAME: John M.I.:

ADDRESS: 500 President Clinton Ave, Suite 400 Little Rock, AR 72201 USA

CITY: Little Rock STATE: Arkansas ZIP CODE: 72201 COUNTRY: USA

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

FOR INDIVIDUALS*

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse *is* a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly							
Constitutional Officer							
State Board or Commission Member							
State Employee							

☒ **None of the above applies**

FOR AN ENTITY (BUSINESS)*

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly								
Constitutional Officer								
State Board or Commission Member								
State Employee								

☒ **None of the above applies**

Contract and Grant Disclosure and Certification Form

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a *state agency* I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.

2. I will include the following language as a part of any agreement with a subcontractor:

   Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.

3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM** completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature John McCabe Title Industry General Manager and Vice Pre Date 12/06/2018

Vendor Contact Person John Herzog Title Account General Manager Phone No. 501-258-0045

Agency use only

Agency Number______ Agency Name____________________ Agency Contact Person________________ Contact Phone No.__________ Contract or Grant No.______

DXC.technology

Equal Opportunity

Public Sector

Effective: 09/05/2017

Revision: 2

This policy is applicable to the following DXC U.S. Public Sector (USPS) business units/areas: ☐ All U.S. Public Sector (including State and Local government & education) ☒ USPS CAS Disclosed Segments	**Policy Number:** US-ESF-F12
	Contact: U.S. Public Sector Federal Procurement Compliance Group **Responsible:** Account, Legal and Contracts, Supply Chain Management (SCM) **Email:** Compliance Questions

1. Objective

To establish the responsibilities and procedures to ensure compliance with Executive Order 11246, as amended, and regulations relative to Equal Employment Opportunity.

2. Background

Part III policies document a purchasing system designed for both business efficiencies and government compliance.

3. Scope

This policy applies to all purchases in support of DXC U.S. Public Sector (USPS) Federal Government contracts.

4. Policy Overview

FAR 52.222-26, Equal Opportunity, must be included in all government contracts and subcontracts except those exempted from the requirements of Executive Order 11246. See FAR 22.807(a) for descriptions of the two exemptions (national security and exemption of Deputy Assistant Secretary of DOL). In addition to these exemptions, the requirements of FAR 52.222-26 also do not apply in certain circumstances, such as the following potentially relevant to USPS Procurement: (a) contract is valued at less $10,000, unless the aggregate value of all subcontracts or contracts awarded to the contractor within a 12-month period is expected to exceed $10,000; (b) contract is for work performed entirely outside the U.S. by employees who were not recruited within the U.S.; (c) contract is for work on or near Indian reservations. See FAR 22.807(b).

5. Importance/Relevance to DXC U.S. Public Sector

Large federal government contractors are required to have a purchasing system that adheres to the Federal Acquisition Regulation (FAR). An approved system gives a contractor a competitive edge against companies which do not have an approved system. Conversely, the lack of an approved system will result in delays in purchasing and performance under some prime contracts because government consent will be required in advance.

6. Responsibilities

To be executed by the account, Legal and Contracts, and Supply Chain Management (SCM) Representative.

7. Implementation Practices

Legal and Contracts will ensure that FAR 52.222-26, Equal Opportunity, is included in the flowdowns provided to Supply Chain Management (SCM) for all subcontracts that are subject to the requirements of Executive Order 11246.

In addition, the Account and Legal and Contracts will identify if the following circumstances apply:

- USPS is receiving a prime contract valued at $10 million or more (including priced options), an indefinite-delivery/indefinite-quantity prime contract under which orders may exceed $10 million, or a prime-contract modification for new effort valued at $10 million or more and that would constitute a contract award;
- The prime contract may be subject to E.O. 11246 (via incorporation and application of FAR 52.222-26) and the requirement for a pre-award survey (via incorporation of FAR 52.222-24); and
- USPS contemplates awarding at least one subcontract/purchase order valued at $10 million or more.

The Account will identify the relevant prospective subcontractors for inclusion in USPS's proposal (for the prime contract, or for the modification). In accordance with the pre-award clearance procedures in FAR 52.222-24 and FAR 22.805, USPS shall provide the information necessary for the Contracting Officer to initiate a pre-award clearance request with the appropriate OFCCP regional office:

- Name, address, and telephone number of each first-tier subcontractor with a proposed subcontract estimated at $10 million or more;
- Information as to whether such first-tier subcontractor(s) have previously held any Government contracts or subcontracts;
- Place or places of performance of the prime contract and first-tier subcontracts estimated at $10 million or more, if known; and
- The estimated dollar amount of the contract and each first-tier subcontract, if known.

If, within the preceding 24 months, USPS or a prospective subcontractor has not been subject to an evaluation by OFCCP and found to be in compliance with Executive Order 11246, then OFCCP may undertake such an evaluation before award of the contemplated prime contract or modification to USPS. If OFCCP initiates an evaluation of USPS or a proposed USPS subcontractor, then USPS Procurement personnel shall cooperate in providing all requested information, subject to review by Legal and Contracts.

Before awarding the contemplated subcontract/purchase order, USPS shall confirm that the subcontractor has received clearance by OFCCP within the prior 24 months or shall confirm with the Contracting Officer that the process for requesting pre-award clearance have been followed in accordance with FAR 22.805. Documentation of the clearance will be filed in the EFC file by the Account.

8. Definitions

Equal Employment Opportunity Pre-award Clearance: Government Contracting Officer (CO) approval to award a subcontract/purchase order based on a Department of Labor (DOL) Office of Federal Contract Compliance Programs (OFCCP) determination that the Equal Opportunity compliance evaluation determined that the subcontractor was in compliance or that a previous Equal Opportunity compliance evaluation took place within the prior 24 months.

Electronic File Cabinet (EFC): An Excel spreadsheet that addresses several federal compliance actions against the FAR. The compliance file documentation is entered by answering questions in the template and attaching the documentation. The compliance file provides evidence USPS complies with the FAR, the prime contract, higher-tier subcontract, and U.S. Public Sector Compliance Manual Part III policies.

9. Where to go for help/questions:

To submit questions on this policy, open a request at: Compliance Questions.

10. References

Electronic File Cabinet (EFC), USPS Federal Procurement Compliance SharePoint
Executive Order 11246

FAR: 22.805, Procedures
FAR 52.222-24, Preaward On-Site Equal Opportunity Compliance Evaluation
FAR 52.222-26, Equal Opportunity

11. Revision History

Revision	**Description of Change**
4/3/2017	Initial release of policy for DXC USPS
9/5/2017	Updated links

UNITED STATES DEPARTMENT OF STATE INFORMATION RESOURCE MANAGEMENT

IMPACT

PROGRAM FOR ACCESSIBLE COMPUTER/COMMUNICATION TECHNOLOGY

Voluntary Product Accessibility Template (VPAT) Review Checklist

RE: IMPACT Section 508 - Tips & Resources

A **VPAT** provides information on how a product or service claims to conform to the Section 508 Access Board Accessibility Standards for Electronic and Information Technology (EIT). The criteria by which **IMPACT** reviews **VPATs** presented by vendors are exactly the same as those that are suggested by Information Technology Industry Council (ITIC) in their VPAT Best Practices. **

Date: December 7, 2018

VPAT Accepted:

○ **YES**
● **NO**

Product Name: ____________Not Applicable______________________

Product Version Number: _______Not Applicable____________________

Vendor Company Name: ____ DXC Technology Services LLC. __________

Vendor Contact Name: ______ Cailey Manley____________

Vendor Contact Telephone: ______+1 469 808 2678_________________

VPAT Reviewer: ____________ Not Applicable _____________________

Purchase or Change Control Board (CCB) Number (if available): NA

____

QUESTIONS

1. Is the **VPAT** Date included?

○ **YES**

● **NO**

2. Is the product identified by Name and Version Number?

○ **YES**

● **NO**

3. Is Contact (POC) Information readily available?

○ **YES**

● **NO**

4. Is there a Summary Table (or snapshot equivalent) that shows the subsections of subparts B, C and D of the Section 508 Standards and identifies those that apply?

○ **YES**

● **NO**

5. Are there Detail Tables that contain the actual Section 508 language of the referenced subsection, divided up into its respective subparagraphs (a, b, c, d etc.) for each subpart that does apply?

○ **YES**

● **NO**

6. Is the Suggested Language [*See Appendix A below*] used to fill out the **VPAT** and is there consistent usage throughout?

○ **YES**

● **NO**

7. Are all Tables in the suggested three-column format?

○ **YES**

● **NO**

8. Are the Table columns Used and Organized as suggested?

○ **YES**

● **NO**

for Summary Table

8.1. Does Column I (Criteria) of the Summary Table describe the subsections?

○ **YES**
● **NO**

8.2. Does Column 2 (Supporting Features) of the Summary Table, describe whether the product has features that support the accessibility Criteria of the corresponding subsection, or, state "Not Applicable"?

○ **YES**
● **NO**

8.3. Does Column 3 (Remarks & Explanations) of the Summary Table contain additional General remarks about the product?

○ **YES**
● **NO**

for Detail Tables

8.4. Does Column 1 (Criteria) of the Detail Tables contain the lettered paragraphs of the respective subsection?

○ **YES**
● **NO**

8.5. Does Column 2 (Supporting Features) of the Detail Tables describe whether the product has features that support the accessibility Criteria of the corresponding subparagraph, or, state "Not Applicable"?

○ **YES**
● **NO**

8.5.1. Does Column 2 of the Detailed Tables also report (e.g., from Appendix A below) the appropriate level of conformance of the product against the given criteria (e.g., whether or not the product fully meets, partially meets, does not meet, or is not applicable to the given requirement)?

○ **YES**
● **NO**

8.6. Does Column 3 (Remarks & Explanations) of the Detail Tables succinctly and sufficiently detail/explain claims/responses in column 2? Including claims of non-applicability?

○ **YES**
● **NO**

8.6.1. For example, does the vendor succinctly and sufficiently explain how the product fully meets, does and does not partially meet, or is not applicable to the given criteria/requirement(s)?

○ **YES**
○ **NO**
● **NOT APPLICABLE**

8.6.2. Does the vendor explain in detail where in the product an Exception occurs (if applies)?

○ **YES**
○ **NO**
● **NOT APPLICABLE**

8.6.3. Does the vendor explain Equivalent Methods of Facilitation (if applies)? (Definition of "equivalent facilitation" See 36 CFR 1194.5.)?

○ **YES**
○ **NO**
● **NOT APPLICABLE**

APPENDIX A (of the DoS VPAT/GPAT Checklist)

Suggested Language for Filling out the VPAT/GPAT

In order to simplify the task of conducting market research assessments for procurement officials or customers, ITIC (Information Technology Industry Council) has developed suggested language for use when filling out a VPAT/GPAT. You may choose to employ all or some of the language below. Once you determine what language you intend to use, we recommend that use is consistent throughout all of your VPAT/GPATs.

Supporting Features (Column 2 on VPAT/GPAT)

Supports

Use this language when you determine the product fully meets the letter and intent of the Criteria.

Partially Supports or Supports with exception(s)

Use this language when you determine the product does not fully meet the letter and intent of the Criteria, but provides some level of access relative to the Criteria.

Supports through Equivalent Facilitation

Use this language when you have identified an alternate way to meet the intent of the Criteria or when the product does not fully meet the intent of the Criteria.

Supports when combined with Compatible AT

Use this language when the product instead uses a different but equivalent or better means of meeting the EIT accessibility Criteria.

Does not Support

Use this language when you determine the product does not meet the letter or intent of the Criteria.

Not Applicable

Use this language when you determine that the Criteria do not apply to the specific product.

Not Applicable - Fundamental Alteration Exception Applies

Use this language when you determine a Fundamental Alteration of the product would be required to meet the Criteria (see the access board standards for the definition of "fundamental alteration").

(IRM/BMP/GRP/SM/IMPACT)
2025 E Street, N.W. (SA-9)
Washington, DC 20006

Email: SECTION508@state.gov
IMPACT INTERNET ACCESSIBILITY
IMPACT **INTRANET** ACCESSIBILITY