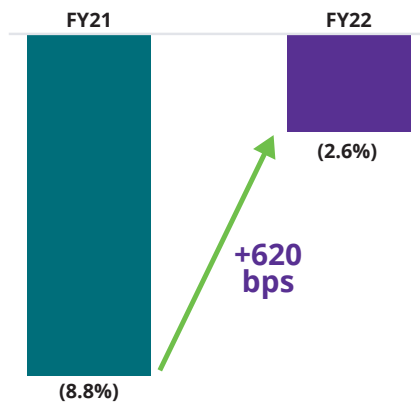




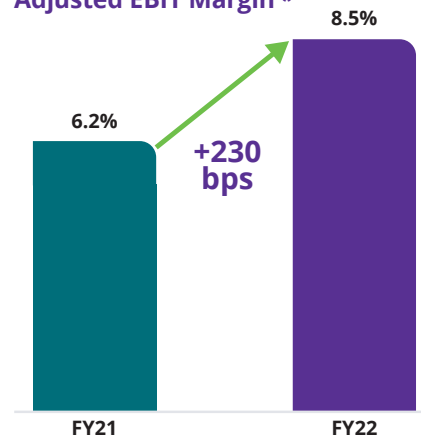
Delivering
eXcellence for our
Customers and Colleagues

Our Transformation Journey delivers strong performance in FY22

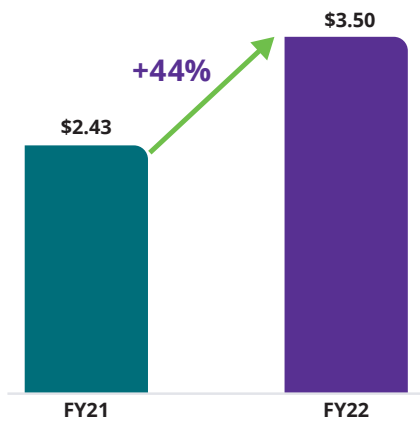
Organic Revenue Growth Trends * (YOY)



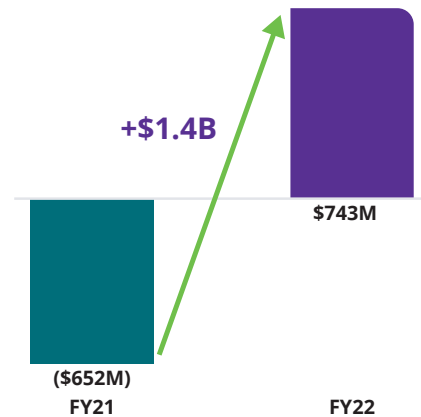
Adjusted EBIT Margin *



Non-GAAP Diluted EPS **



Free Cash Flow *



* Please see non-GAAP reconciliations to GAAP revenue growth, net income, and cash flow from operations

** Please see non-GAAP reconciliation to diluted EPS from continuing operations in the Form 10-K, included as part of this annual report



“The steps we’ve taken to simplify our operating and financial structure, along with our improvements to corporate governance, are paying off and producing results. In fiscal year 2022, it’s clear we put DXC in a dramatically better place.”

Mike Salvino, President and CEO
of DXC Technology, rings NYSE Closing Bell®

Message from our CEO

To the shareholders of DXC Technology,

I hope you and your families are doing well.

I’d like to thank our DXC customers and colleagues for the trust they have placed in us. As we continue on our transformation journey, we’re proud of the performance the company has delivered.

I am pleased with what we accomplished in fiscal year 2022. Both quantitatively and qualitatively, it is clear that DXC is now in a dramatically better place.

- We narrowed the total organic revenue decline by 620 basis points.
- Our growth strategy has two parts: consistently grow Global Business Services (GBS) and shrink the negative declines in Global Infrastructure Services (GIS). We have achieved the first part of our strategy by growing GBS in every quarter in fiscal year 2022. While we did shrink the organic

Driving value through our Transformation Journey

1 Inspire and Take Care of Our Colleagues

2 Focus on Customers

3 Optimize Costs

4 Seize the Market

5 Build the Financial Foundation

revenue declines in GIS, we have initiatives and programs in place to ensure we continue to improve in FY23.

- Our adjusted EBIT margin increased 230 basis points, and our non-GAAP diluted EPS was up 44%.
- The highlight of the year was our free cash flow performance. We delivered a \$1.4 billion improvement in free cash flow compared to fiscal year 2021. Our free cash flow reached \$743 million.

Fiscal year 2022 financial performance is a clear indication that we have built a team that can execute.

Our work on the five steps of our transformation journey also progressed over the last year.

1. The first step is to inspire and take care of our colleagues, which was highlighted by how well we supported our people through the COVID-19 pandemic and the conflict created by Russia's invasion of Ukraine.
2. Concerning our customers, we continued to increase our NPS score, which is now at 31, above the industry benchmark of 20-30.
3. We made good progress expanding margins, driving out costs across DXC and reshaping our portfolio by divesting businesses that did not fit our strategy. Our business optimization activities will accelerate for the GIS business in fiscal year 2023.

4. The fourth step is to seize the market, where our book-to-bill numbers continue to show that we can win in the IT Industry. Our trailing 12-month book-to-bill of 1.11 is a great result which has helped grow organic revenues for GBS and narrow the declines for GIS.
5. And finally, in terms of putting DXC on a firmer financial foundation, CFO Ken Sharp, and the team he has built, did a great job of executing on several important initiatives: improving our free cash flow, refinancing our debt with lower fixed rate interest costs, remediating the material weakness and improving our financial disclosures and transparency. With all of these actions, we now have a stronger financial position.

It's clear that DXC is in a far better place than it was two and a half years ago, and I am excited to embark on fiscal year 2023. My leadership team and I have clarity on the actions we need to accomplish, and we are clear-eyed on our portfolio and how to improve its trajectory. We fully expect our momentum to continue and to deliver on our goals over the long term.

Thank you all, shareholders, customers, and colleagues alike, for your trust and commitment to DXC.

Regards,



Mike Salvino
President and Chief Executive Officer

Delivering
eXcellence for our
Customers and
Colleagues

We live our values



Care

We take care of each other and foster a culture of inclusion and belonging.



Collaborate

We work as a team — globally and locally.



Community

We believe in stewardship and building a sustainable company that supports our communities.



Deliver

We do what we say we are going to do.



Do the right thing

We act with integrity.

Recognition highlights



207

Fortune 500 List

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, 2022

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 COMPANY

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

61-1800317

(I.R.S. Employer Identification No.)

**20408 Bashan Drive, Suite 231
Ashburn, Virginia 20147**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(703) 245-9700**

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	DXC	The New York Stock Exchange
1.750% Senior Notes Due 2026	DXC 26	The 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of a share of the registrant's common stock on that date, was \$8,455,400,930.

230,683,660 shares of common stock, par value \$0.01 per share, were outstanding as of May 23, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2022 Annual Meeting of Stockholders (the "2022 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, 2022, are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

TABLE OF CONTENTS

<u>Item</u>		<u>Page</u>
PART I		
1.	Business	3
1A.	Risk Factors	11
1B.	Unresolved Staff Comments	36
2.	Properties	36
3.	Legal Proceedings	36
4.	Mine Safety Disclosures	36
PART II		
5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
6.	Reserved	38
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	38
7A.	Quantitative and Qualitative Disclosures about Market Risk	58
8.	Financial Statements and Supplementary Data	59
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	132
9A.	Controls and Procedures	132
9B.	Other Information	135
9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	135
PART III		
10.	Directors, Executive Officers and Corporate Governance	136
11.	Executive Compensation	136
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	136
13.	Certain Relationships and Related Transactions, and Director Independence	137
14.	Principal Accountant Fees and Services	137
PART IV		
15.	Exhibits and Financial Statement Schedules	138
16.	Form 10-K Summary	142

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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 future 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. Furthermore, many of these risks and uncertainties are currently amplified by and may continue to be amplified by or may, in the future, be amplified by the coronavirus disease 2019 (“COVID-19”) crisis and the impact of varying private and governmental responses that affect our customers, employees, vendors and the economies and communities where they operate.

Important factors that could cause actual results to differ materially from those described in forward-looking statements include, but are not limited to:

- the uncertainty of the magnitude, duration, geographic reach of the COVID-19 crisis, its impact on the global economy and the impact of current and potential travel restrictions, stay-at-home orders, vaccine mandates and economic restrictions implemented to address the crisis;
- our inability to succeed in our strategic objectives;
- the risk of liability or damage to our reputation resulting from security incidents, including breaches, and cyber-attacks to our systems and networks and those of our business partners, insider threats, disclosure of sensitive data or failure to comply with data protection laws and regulations in a rapidly evolving regulatory environment; in each case, whether deliberate or accidental;
- our inability to develop and expand our service offerings to address emerging business demands and technological trends, including our inability to sell differentiated services up the Enterprise Technology Stack;
- our inability to compete in certain markets and expand our capacity in certain offshore locations and risks associated with such offshore locations such as Russia’s recent invasion of Ukraine;
- failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs;
- our indebtedness;
- the competitive pressures faced by our business;
- our inability to accurately estimate the cost of services, and the completion timeline of contracts;
- execution risks by us and our suppliers, customers, and partners;
- the risks associated with natural disasters;
- our inability to retain and hire key personnel and maintain relationships with key partners;
- the risks associated with prolonged periods of inflation;
- the risks associated with our international operations, such as risks related to currency exchange rates and Brexit (as defined below);
- our inability to comply with governmental regulations or the adoption of new laws or regulations, including social and environmental responsibility regulations, policies and provisions;
- our inability to achieve the expected benefits of our restructuring plans;
- inadvertent infringement of third-party intellectual property rights or our inability to protect our own intellectual property assets;
- our inability to procure third-party licenses required for the operation of our products and service offerings;
- risks associated with disruption of our supply chain;
- our inability to maintain effective internal control over financial reporting;
- potential losses due to asset impairment charges;
- our inability to pay dividends or repurchase shares of our common stock;
- pending investigations, claims and disputes and any adverse impact on our profitability and liquidity;

- *disruptions in the credit markets, including disruptions that reduce our customers' access to credit and increase the costs to our customers of obtaining credit;*
- *our failure to bid on projects effectively;*
- *financial difficulties of our customers and our inability to collect receivables;*
- *our inability to maintain and grow our customer relationships over time and to comply with customer contracts or government contracting regulations or requirements;*
- *our inability to succeed in our strategic transactions;*
- *changes in tax laws and any adverse impact on our effective tax rate;*
- *risks following the merger of Computer Sciences Corporation ("CSC") and Enterprise Services business of Hewlett Packard Enterprise Company's ("HPES") businesses, including anticipated tax treatment, unforeseen liabilities and future capital expenditures;*
- *risks following the spin-off of our former U.S. Public Sector business and its related mergers with Vencore Holding Corp. and KeyPoint Government Solutions in June 2018 to form Perspecta Inc. (including its successors and permitted assigns, "Perspecta"), which was acquired by Peraton in May 2021 ; 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 Statement of Comprehensive (Loss) Income as the “statements of comprehensive income,” (iv) our Consolidated Balance Sheets as our “balance sheets” and (v) 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 a global IT services market leader. We provide mission-critical IT services that transform global businesses. We deliver excellence for our customers and colleagues around the world.

Our more than 130,000 people in approximately 70 countries are entrusted by our customers, nearly half of today's Fortune 500 companies, to provide solutions across the Enterprise Technology Stack for new levels of performance, scale and competitiveness.

DXC was formed on April 1, 2017 by the merger of CSC and HPES (the "HPES Merger").

Transformation Journey

DXC's transformation journey focuses on building stronger relationships with customers, its people, and unlocking value across the Enterprise Technology Stack.

Key transformation journey priorities include:

- **Inspire and Take Care of our Colleagues** – Ensuring the health and safety of our people is a top priority, especially in the current environment

Continuing to bring in new technology, account and delivery talent across the world, and making investments that recognize and reward our people
- **Focus on Customers** – Strengthening our customer relationships and ensuring we are proactively delivering for customers
- **Optimize Costs** – Optimizing value to better serve our customers by eliminating confusion and complexity
- **Seize the Market** – Seizing the market opportunity by cross-selling and expanding what we do with our customers across the Enterprise Technology Stack
- **Financial Foundation** – Unlocking value by pursuing strategic alternatives, rationalizing our portfolio, and strengthening our balance sheet through creating a firm foundation that reflects our commitment to running a long-term sustainable business

The Company will continue to focus on execution of its transformation journey in the next fiscal year, with a continued focus on our people, revenue stabilization, cost optimization and winning in the market. The Company is continuing with its portfolio shaping efforts, making the right investments and divesting assets that the Company does not believe are well integrated with its enterprise technology stack and its strategic direction in order to better focus on its strategy.

Important Acquisitions and Divestitures

During the third quarter of fiscal 2022, a subsidiary of DXC entered into a purchase agreement to sell (the "FDB Sale") its German financial services subsidiary ("FDB" or the "FDB Business") to the FNZ Group ("FNZ") for €300 million (approximately \$335 million as of March 31, 2022), subject to certain adjustments. The closing of the transaction is subject to certain conditions, including receipt of certain regulatory consents. At March 31, 2022, FDB held approximately \$572 million in cash which primarily related to customer deposit liabilities. The Company expects to complete the FDB Sale in fiscal 2023.

During the first quarter of fiscal 2022, DXC completed the sale of its healthcare provider software business ("HPS" or the "HPS Business") to Dedalus Holding S.p.A. ("Dedalus"). The sale was accomplished by the cash purchase of all equity interests and assets attributable to the HPS Business for €468 million (approximately \$551 million), subject to certain adjustments.

During fiscal 2021, DXC completed the sale of its U.S. State and Local Health and Human Services business ("HHS" or the "HHS Business") to Veritas Capital Fund Management, L.L.C. ("Veritas Capital") to form Gainwell Technologies. The sale was accomplished by the cash purchase of all equity interests and assets attributable to the HHS Business together with future services to be provided by the Company for a total enterprise value of \$5.0 billion, subject to net working capital adjustments and assumed liabilities.

During fiscal 2020, DXC completed the acquisition of Luxoft Holding, Inc., a global scale digital service provider whose offerings encompass strategic consulting, custom software development, and digital solution engineering services. We also completed other acquisitions during fiscal 2020 to complement our offerings and to provide opportunities for future growth.

See Note 2 - "Acquisitions" and Note 3 - "Divestitures" for further information on acquisitions and divestitures.

Segments and Services

Our reportable segments are Global Business Services ("GBS") and Global Infrastructure Services ("GIS").

Global Business Services

GBS provides innovative technology solutions that help our customers address key business challenges and accelerate transformations tailored to each customer's industry and specific objectives. GBS offerings include:

- *Analytics and Engineering.* Our portfolio of analytics services and extensive partner ecosystem help customers gain rapid insights, automate operations, and accelerate their transformation journeys. We provide software engineering, consulting, and data analytics solutions that enable businesses to run and manage their mission-critical functions, transform their operations, and develop new ways of doing business.
- *Applications.* We use advanced technologies and methods to accelerate the creation, modernization, delivery and maintenance of high-quality, secure applications allowing customers to innovate faster while reducing risk, time to market, and total cost of ownership. We support customers across all industries, including public sector, insurance, banking and capital markets, and automotive.
- *Business process services.* We perform the integration and optimization of front and back office processes, as well as agile process automation. This helps companies to reduce cost and minimize business disruption, human error, and operational risk while improving customer experiences.

Global Infrastructure Services

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

- *Cloud and Security.* We help customers rapidly modernize by adapting legacy apps to cloud, migrate the right workloads, and effectively manage their multi-cloud environments. Our security solutions help predict attacks, proactively respond to threats, ensure compliance and protect data, applications and infrastructure.
- *IT Outsourcing ("ITO").* Our ITO services help customers securely and cost-effectively run mission-critical systems and IT infrastructure. We manage and simplify our customers' existing IT investments, reduce the costs to run them and provide a path for customers to move portions of their IT estates to the cloud to drive innovation and additional savings.
- *Modern Workplace.* We provide services to fit our customer's employee, business and IT needs from intelligent collaboration, modern device management, digital support services, and mobility services. Our focus on the employee experience provides a consumer-like, digital experience that fits the needs of today's professional.

See Note 20 - "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 to customers through our direct sales force, which operates out of various locations around the world. Our customers include commercial businesses of many sizes and across many industries, as well as public sector enterprises. No individual customer exceeded 10% of our consolidated revenues for fiscal 2022, fiscal 2021, or fiscal 2020.

Seasonality

General economic conditions have an impact on our business and financial results. The markets in which we sell our solutions, services and products 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 and certain revenue are often tied to the timing of our customers' fiscal year-ends, and we also experience seasonality related to our own fiscal year-end selling activities.

Competition

The IT and professional services markets we compete in 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 our offerings and are competitive with our services. In addition, the increased importance of offshore labor centers has brought several foreign-based competitors into our markets.

Our competitors include:

- large multinational enterprises that offer some or all of the services and solutions that we offer;
- 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 engaging an outside IT services provider.

The principal methods of competition in the markets for our solutions and services include:

- vision and strategic advisory ability;
- integrated solutions capabilities;
- performance and reliability;
- global and diverse talent;
- delivery excellence and ongoing support;
- responsiveness to customer 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 best solutions across software, hardware, and service providers;
- ability to offer improved strategic frameworks and technical solutions;
- investments in our services and solutions;
- focus on responsiveness to proactively address customer needs, provide quality 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, including delivery;
- 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 to sell solutions and services in markets in which we choose to participate.

Additionally, we own or have rights to various trademarks, 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 licenses to others under our intellectual property rights when we consider these arrangements to be in our interest.

Environmental, Social and Governance ("ESG")

In 2021, we enhanced the governance of our ESG program to include a multitiered process involving the Board of Directors, members of our executive staff and internal leadership. Our Board of Directors provides oversight of our ESG program, enabling us to have the governance, long-term strategy and processes to manage ESG outcomes and meet the needs of our stakeholders. The Nominating and Corporate Governance Committee of our Board of Directors has specific oversight of ESG. Our ESG leadership team regularly updates the committee on ESG status and provides an update to the full board annually.

Our ESG strategy reflects our ongoing commitment to being a responsible corporate citizen. We are proud to be part of the global movement to minimize the impact of climate change on the world, and we are dedicated to driving sustainable growth by setting ambitious, science-based emissions reduction targets in the next two years.

We strive to minimize our impact on the environment and improve resource efficiency in the areas of energy consumption, data center management and travel and transportation. Our conservation efforts are supported in part by our shift to a virtual-first operating model, which enables our workforce to be largely remote and helps us reduce our greenhouse gas emissions and our overall energy consumption. While the virtual-first model mainly helps reduce the size of our office footprint, we are also pursuing efficiency programs for data centers and data center rationalization programs to reduce energy consumption.

DXC also partners with customers to help them achieve their own climate-related goals. In response to shifting customer demand, we offer a number of products and services that can have a significant impact on our customers' sustainability objectives, delivering climate-related benefits far greater than what we could achieve alone through our internal carbon-reduction efforts. Offerings such as DXC Modern Workplace, cloud migration services and data-driven sustainability services directly reduce carbon emissions for our customers.⁽¹⁾

Additional information about our ESG initiatives is available on our website at <http://dxc.com/us/en/about-us/corporate-responsibility>. The information on our website is not incorporated by reference into, and is not a part of, this report.

Environmental Regulation

Our operations are subject to regulation under various federal, state, local, and foreign laws concerning the environment and sustainability, 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 existing and future environmental laws or legislation. To limit future risks, DXC has committed to set near-term company-wide emission reductions in line with the Science Based Targets initiative (SBTi).

Human Capital Management

As a leading global information technology services company, we attract highly skilled and educated people. As of March 31, 2022, we employed more than 130,000 people worldwide. At DXC we value our people and the opportunity to engage with them - we are at our best when our people feel valued and respected.

Value of Employee Engagement

We value our people and take various actions for employee engagement. We assess employee engagement at least annually through a global engagement survey. During the past surveys, we have approximately 80% of our people participating in the survey with an employee engagement score measuring above 70%, and employees rated DXC highly on career path, communication, and culture. Based on feedback received through periodic engagement surveys, management has implemented several initiatives to improve the employee experience through rewards and recognition, open communications and process improvement. Various platforms like Global Talent Management, Coaching & Mentoring, Career Development programs, and global recognition are also used to improve employee experiences and engagement.

⁽¹⁾ The information in this section is based in part on data provided to us by our customers, and we do not, and do not intend to, independently verify such information or claims.

Management During COVID-19

We are committed to keeping our people safe and well. DXC employees are equipped and enabled to work virtually and flexibly from home and continue to deliver results for our customers. Science and data will remain the drivers of our approach as we continue to navigate through COVID-19, and promote the safety and well-being of our people. We will remain flexible and ready to react quickly if required to deliver for our customers. We recognize that this is an opportunity for DXC to change employee experience in an impactful way.

Training and Education

We view professional development as a corporate responsibility — a strategic investment in our employees' and the company's future. Through our global learning management ecosystem, we offer hundreds of learning programs as well as a career development system to help employees reach their potential. Providing ways to learn, grow, and explore new and challenging opportunities contribute to our ability to retain a motivated, knowledgeable workforce. Assessing employee abilities and contributions is a cornerstone of development at DXC. Our self-directed learning culture encourages employees to learn at their own pace and in a learning environment of their preference. Key to our people development is the role managers play – we remain focused on equipping and enabling our people leaders so that our people have leaders that guide and support them in their development and success.

Inclusion & Diversity

We are committed to an Inclusive and Diverse workforce. The DXC Global Diversity and Non-Discrimination Policy guides our engagement in management and hiring practices that promote diversity and inclusion.

Human Rights

We are committed to the protection and advancement of human rights and to enabling our operations in communities around the world to function with integrity. DXC is firmly committed to preventing the exploitation of vulnerable groups. Our main human rights-related focus areas are promoting good practice through our large and diverse global supply chain and supporting a diverse and inclusive corporate culture.

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. They are also available through the SEC at www.sec.gov. Our corporate governance guidelines, Board committee charters (including the charters of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee) and code of ethics entitled "Code of 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.

Information About Our Executive Officers

Name	Age	Year First Elected as Officer	Term as an Officer	Position Held with the Registrant as of the filing date	Family Relationship
Michael J. Salvino	56	2019	Indefinite	President and Chief Executive Officer	None
Kenneth P. Sharp	51	2020	Indefinite	Executive Vice President and Chief Financial Officer	None
William L. Deckelman, Jr.	64	2017	Indefinite	Executive Vice President and General Counsel	None
Mary E. Finch	52	2019	Indefinite	Executive Vice President and Chief Human Resources Officer	None
Vinod Bagal	56	2019	Indefinite	President, Cloud and Infrastructure Services	None
Christopher R. Drumgoole	47	2021	Indefinite	Executive Vice President and Chief Operating Officer	None
Christopher A. Voci	50	2021	Indefinite	Senior Vice President, Corporate Controller and Principal Accounting Officer	None

Business Experience of Executive Officers

Michael J. Salvino became the President and Chief Executive Officer of DXC in September 2019 and has been a member of the Board of Directors of DXC since May 2019. Prior to joining DXC, Mr. Salvino served as managing director of Carrick Capital Partners from 2016 to 2019, where he was directly involved with Carrick's portfolio companies and in sourcing new investments, growing and managing large scale tech-enabled services businesses, specifically business process outsourcing, security and machine learning. Prior to his tenure at Carrick, from 2009 to 2016, Mr. Salvino served as group chief executive of Accenture Operations, where he led a team of more than 100,000 consulting and outsourcing professionals focused on providing business process outsourcing, infrastructure, security and cloud services to deliver business value and drive productivity and digital improvements for clients. Prior to that, he held leadership roles in the HR outsourcing business at Hewitt Associates Inc. and as president of the Americas Region at Exult Inc. Mr. Salvino is a board member of the Atrium Health Foundation, the largest healthcare system in the Carolinas, where he serves on the Investment Oversight Committee for both the hospital and the foundation. Mr. Salvino graduated from Marietta College with a Bachelor of Science degree in industrial engineering. He serves on the Marietta College Board of Trustees and is also a member of the Board of Visitors of the Duke University Pratt School of Engineering.

Kenneth P. Sharp became the Executive Vice President and Chief Financial Officer of DXC in November 2020. Prior to joining DXC, Mr. Sharp served as Vice President and Chief Financial Officer, Defense Systems Sector for Northrop Grumman ("NOC") from June 2018 to November 2020. From January 2016 to June 2018, Mr. Sharp served as Senior Vice President, Finance of Orbital ATK (subsequently purchased by NOC). Prior to that, he served as Senior Vice President, Chief Accounting Officer and Corporate Controller of Leidos, Inc. (formerly SAIC, Inc.). Before joining Leidos, Mr. Sharp spent a decade at CSC, the predecessor company to DXC and eight years at Ernst & Young. Mr. Sharp also served in the United States Marine Corps.

William L. Deckelman, Jr. serves as Executive Vice President and General Counsel of DXC since September 2020. He previously served as Executive Vice President, General Counsel and Secretary of DXC since the completion of the HPES Merger. Prior to that, Mr. Deckelman served as Executive Vice President, General Counsel and Secretary of CSC. Mr. Deckelman joined CSC in January 2008 and served as Vice President, General Counsel and Secretary from 2008 to 2012, as Executive Vice President and General Counsel from 2012 to 2014, and as Executive Vice President, General Counsel and Secretary from August 2014 until the completion of the HPES Merger. Prior to joining CSC, Mr. Deckelman served as Executive Vice President and General Counsel of Affiliated Computer Services Inc. from 2000 to 2008, served as a director from 2000 to 2003, and previously held various executive positions there from 1989 to 1995.

Mary E. Finch was appointed as Executive Vice President and Chief Human Resources Officer of DXC in October 2019. Ms. Finch previously served as Executive Vice President and Chief Human Resources Officer of AECOM from September 2015 to October 2019. Prior to that, she served at Accenture as Senior Managing Director from September 2013 to August 2015 and as Managing Director Human Resources from January 2001 to September 2013, where she held various roles across the company including COO of Human Resources where she drove global delivery of HR services, overseeing operations supporting approximately 320,000 employees across 56 countries and multiple Accenture businesses. Ms. Finch also served as VP Human Resources of Abilizer Solutions Inc. from 2000 to 2001.

Vinod Bagal serves as President, Cloud and Infrastructure Services since March 2022. He previously served as Executive Vice President, Global Delivery and Transformation of DXC from October 2019 to March 2022. Prior to joining DXC, Mr. Bagal served at Cognizant Technology Solutions as Senior Vice President - Global Multi-Service Integration and North America Delivery and as Senior Vice President - Global Technology Consulting and Multi-Service Integration from September 2014 to October 2019, where he led the transformation of Cognizant's client delivery organization to position it for the next wave of professional services demands. From 1994 to 2014, Mr. Bagal held a series of leadership roles at Accenture.

Christopher R. Drumgoole was appointed as Executive Vice President and Chief Operating Officer of DXC in August 2021. He previously served as Executive Vice President and Chief Information Officer since April 2020. Before joining DXC, Mr. Drumgoole served as Chief Information Officer at GE from May 2018 to April 2020, where he led the company's global technology operations, including applications, infrastructure, and related shared services. Prior to that role, he was GE's Chief Technology Officer from April 2014 to April 2018. Mr. Drumgoole joined GE from Verizon, where he was Chief Operating Officer of Verizon's Terremark subsidiary, a cloud, hosting, and data center provider, from January 2012 to April 2014. Mr. Drumgoole serves on the Board of Directors of PetSmart; on the Advisory Board of Florida International University's College of Engineering & Computing; and on the Board of Directors of ONUG, a forum for IT business leaders interested in open technologies.

Christopher A. Voci was appointed Senior Vice President, Corporate Controller and Principal Accounting Officer in June 2021. Before joining DXC, Mr. Voci served as Senior Vice President, Controller and Chief Accounting Officer for CACI International Inc. from November 2018 to May 2021. From 2016 to November 2018, Mr. Voci served as Vice President, Controller and Chief Accounting Officer of Orbital ATK (subsequently purchased by Northrop Grumman). Prior to that, he spent eleven years at Air Products and Chemicals, Inc. ("APD"). While at APD from 2004 to 2015, Mr. Voci was Global Controller Industrial Gases from 2014 to 2015, Global Controller Merchant Gases from 2011 to 2014, Director, Financial Planning & Analysis from 2007 to 2011 and Global Healthcare Controller from 2004 to 2007. Mr. Voci served as Senior Manager, Audit and Risk Advisory Services at KPMG LLP from 2002 to 2004 and in various roles at Arthur Andersen LLP from 1994 to 2002.

Item 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, which may materially and adversely affect our business, financial condition, and results of operations, and the actual outcome of matters as to which forward-looking statements are made in this Annual Report. In such case, the trading price for DXC common stock could decline, and you could lose all or part of your investment. Past performance may not be a reliable indicator of future financial performance and historical trends should not be used to anticipate results or trends in future periods. Future performance and historical trends may be adversely affected by the aforementioned risks, and other variables and risks and uncertainties not currently known or that are currently expected to be immaterial may also materially and adversely affect our business, financial condition, and results of operations or the price of shares of our common stock in the future.

Risk Factor Summary

Risks Related to Our Business

- Our business and financial results have been adversely affected and could continue to be materially adversely affected by the COVID-19 crisis.
- We may not succeed in our strategic objectives.
- We could be vulnerable to security breaches, cyber-attacks or disclosure of confidential or personal information.
- Our ability to continue to develop and expand our service offerings to address emerging business demands and technological trends, including our ability to sell differentiated services up the Enterprise Technology Stack, may impact our future growth.
- Our operations in certain offshore locations may expose us to risks inherent to these locations such as Russia's recent invasion of Ukraine, which may adversely affect our revenue and profitability.
- Failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs could adversely affect our liquidity, capital position, borrowing, cost and access to capital markets.
- Our indebtedness could have a material adverse effect on our financial condition and results of operations.
- 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.
- 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.
- 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 otherwise breach obligations to our customers.
- Natural disasters may affect our worldwide business operations and financial results.
- We may not be able to attract and retain qualified personnel.
- Prolonged periods of inflation where we do not have adequate inflation protections in our customer contracts could increase costs, have an adverse effect on general economic conditions and impact consumer budgeting, which could impact our profitability and have a material adverse effect on our business and results of operations.
- Our international operations are exposed to risks, including fluctuations in exchange rates and Brexit.
- Failure to comply with federal, state, local and foreign laws and regulations that could result in costs or sanctions that adversely affect our business. Social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands, may adversely affect our relationships with customers and investors.

- We may not achieve some or all of the expected benefits of our restructuring plans and our restructuring may adversely affect our business.
- We may inadvertently infringe on the intellectual property rights of others and our inability to procure third-party licenses may result in decreased revenue or increased costs.
- Disruption of our supply chain could adversely impact our 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 could suffer additional losses due to asset impairment charges.
- We may not be able to pay dividends or repurchase shares of our common stock.
- Pending litigations may have a material and adverse impact on our profitability and liquidity.
- Disruptions in the credit markets may reduce our customers' access to credit and increase the costs to our customers of obtaining credit, and our hedging program is subject to counterparty default risk.
- We derive significant revenues and profit from contracts awarded through costly competitive bidding processes, and we may not achieve revenue and profit objectives if we fail to bid on these projects effectively.
- If our customers experience financial difficulties, we may not be able to collect our receivables.
- If we are unable to maintain and grow our customer relationships over time or to comply with customer contracts or government contracting regulations or requirements, our operating results and cash flows will suffer.
- Our strategic transactions may prove unsuccessful.
- Changes in tax legislation and our tax rates may materially affect our financial condition and results of operations.

Risks Related to Our Completed Strategic Transactions

- We could have an indemnification obligation to HPE if the stock distribution in connection with the HPES business separation were determined not to qualify for tax-free treatment.
- 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.
- We assumed certain material pension benefit obligations following the HPES Merger. These liabilities and future funding obligations could restrict our cash available for operations, capital expenditures and other requirements.
- The USPS Separation and Mergers and NPS Separation could result in substantial tax liability to DXC and our stockholders.

Risks Related to Our Business

Our business and financial results have been adversely affected and could continue to be materially adversely affected by the COVID-19 crisis.

The COVID-19 crisis has caused disruptions in global economies, financial and commodities markets and rapid shifts in governmental and public health policies in the countries where we operate or our customers are located or the industries in which we and our customers compete. The COVID-19 crisis and the actions taken by governments, businesses and individuals to curtail the spread of the disease have negatively impacted, and are expected to continue to negatively impact our business, results of operations, cash flows and financial condition. The extent of such impact will depend on future developments, including the duration and spread of COVID-19, the speed at which the vaccine is distributed, public acceptance of the vaccine along with the number of our employees receiving the vaccine. In addition, COVID-19 strain mutations may also hamper the vaccine's effectiveness. Requirements related to COVID-19 safety precautions, including vaccine mandates of varying scope and applicability, may apply to our operations in the U.S. or other jurisdictions. Failure to comply with the applicable requirements may result in governmental penalties and loss of business, including our contracts or subcontracts with U.S. federal, state or local governments or international government entities, which could have an adverse effect on our business and results of operations. Our implementation of various vaccination, testing or other requirements related to COVID-19 may result in a reduction in productivity and employee morale, or attrition, which could have an adverse effect on our business and results of operations.

Negative impacts that have occurred, or may occur in the future, include disruptions or restrictions on our employees' ability to work effectively, as well as temporary closures of our facilities or the facilities of our customers or our subcontractors, or the requirements to deliver our services remotely. In addition, our employees continue to face challenges in their well-being, given the additional financial, family and health burdens that many employees have experienced and could continue to experience because of the COVID-19 crisis that may negatively impact our people's mental and physical health, engagement, retention and performance. Continued public health threat and government responses could materially adversely affect our operations and the delivery of our services. Negative impacts from COVID-19 could potentially affect our ability to perform under our contracts with customers. Cost increases may not be recoverable from customers or covered by insurance, which could impact our profitability. If a business interruption occurs and we are unsuccessful in our continuing efforts to minimize the impact of these events, our business, results of operations, financial position, and cash flows could be materially adversely affected.

In addition, the COVID-19 crisis has resulted in a widespread global health crisis that adversely affected the economies and financial markets of many countries. Any future economic downturn, depending upon its severity and duration, could also lead to a deterioration of worldwide credit and financial markets that could negatively affect the financial health of customers, lower their demand for our services, limit their ability or willingness to pay us in a timely manner and our ability to obtain external financing to fund our operations and capital expenditures, result in losses on our holdings of cash and investments due to failures of financial institutions and other parties, and result in a higher rate of losses on our accounts receivables due to credit defaults.

Our financial results may also be materially and adversely impacted by a variety of factors related to COVID-19 that have not yet been determined, including potential impairments of goodwill and other assets, and changes to our contingent liabilities, for which actual amounts may materially exceed management estimates and our calculation of global tax liabilities. Even after the COVID-19 crisis has subsided, depending upon its duration and potential recurrence, and the governmental policies in response thereto, we may continue to experience materially adverse impacts to our business as a result of its global economic impact, including any recession that may occur or be continuing as a result.

We continue to evaluate the extent to which the COVID-19 crisis has impacted us and our employees, customers and suppliers and the extent to which it and other emerging developments will impact us and our employees, customers and suppliers in the future. We caution investors that any of the factors mentioned above could have material and adverse impacts on our current and future business, results of operations, cash flows and financial condition.

To the extent the COVID-19 crisis and the resulting economic disruption continue to adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, such as those relating to our level of indebtedness, our ability to generate sufficient cash flows to service our indebtedness and to comply with the covenants contained in the agreements that govern our indebtedness and our counterparty credit risk.

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

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

We could be held liable for damages, our reputation could suffer, or we may experience service interruptions, from security breaches, cyber-attacks, other security incidents 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 industries and countries, we store and process increasingly large amounts of data for our customers, including sensitive and personally identifiable information. We possess valuable proprietary information, including copyrights, trade secrets and other intellectual property and we collect and store certain personal and financial information from customers and employees. We also manage IT infrastructure and systems (collectively, “IT Systems”) of our own and of customers, and we rely on third parties who provide various critical hardware, software and services to support our IT Systems and business operations.

Security incidents can result from unintentional events or deliberate attacks by insiders such as employees, contractors or service providers or third parties, including criminals, competitors, nation-states, and hackers. These incidents can result in significant disruption to our business (for example, due to ransomware or denial-of-service) through an impact on our operations or those of our clients, employees, vendors or other partners; loss of data (including proprietary, confidential or otherwise sensitive or valuable information) belonging to us, our clients, employees, vendors or partners; reputational damage, and injury to customer relationships. We may also incur costs and liability (whether contractual or otherwise) such as monetary damages resulting from litigation, remediation costs, and regulatory actions, fines or penalties. Any of the foregoing, or a combination of the foregoing, could have a material impact on our results of operations or financial condition. In addition, the regulatory environment related to information security and data privacy is evolving rapidly and the Company will need to expend time and resources to ensure compliance with these evolving regulations, and failure to understand and comply with these regulations can negatively impact the Company, its results of operations, and financial condition.

We have experienced cyberattacks and security incidents in the past, and we continue to see regular unauthorized efforts to access our IT Systems, which we evaluate for severity and frequency. While incidents experienced thus far have not resulted in significant disruption to our business, it is possible that we could suffer a severe attack or incident, with potentially material and adverse effects on our business, reputation, customer relations, results of operations or financial condition. The continued occurrence globally of high-profile data breaches and cyber-attacks, including by nation-state actors, reflects an external environment that is increasingly hostile to information and corporate security. Like other companies, we face an evolving array of information security and data security threats that pose risks to us and our customers.

Threat actors are increasingly sophisticated and using tools and techniques designed to circumvent security controls, to evade detection and to remove or obfuscate forensic evidence, which may make it more difficult for us to detect, identify, investigate contain or recover from, future cyberattacks and security incidents. 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 customers, including sensitive customer transaction data. Computer programmers and hackers have deployed and may continue 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 vulnerabilities that could unexpectedly interfere with the security and operation of our systems, or harm those of third parties with whom we may interact. A party, whether an insider or third party operating outside the Company, who is able to circumvent our security measures or those of our contractors, partners or vendors could access our IT Systems, or those of a critical third party, and misappropriate proprietary information, the confidential data of our customers, employees or business partners or cause interruption in our or their operations. 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.

In the event of a cyberattack or security incident, we could be exposed to regulatory actions, customer attrition due to reputational concerns or otherwise, containment and remediation expenses, and claims brought by our customers or others for breaching contractual confidentiality and security provisions or data protection or privacy laws. We must expend capital and other resources to protect against security incidents, including attempted security breaches and cyber-attacks and to alleviate problems caused by successful breaches or attacks. The cost, potential monetary damages, and operational consequences of responding to security incidents and implementing remediation measures could be significant and may be in excess of insurance policy limits or be not covered by our insurance at all. Moreover, failure to maintain effective internal accounting controls related to data security breaches and cybersecurity in general could impact our ability to produce timely and accurate financial statements and could subject us to regulatory scrutiny.

We expect increasing cybersecurity, data privacy and information security obligations around the world to impose additional regulatory pressures on our customers’ businesses and, indirectly, on our operations, or lead to inquiries, investigations or enforcement actions. In the United States, we are seeing increasing obligations and expectations from government and non-government 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 or other business impact. 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 may result in cost increases due to expanded compliance obligations, potential systems changes, the development of additional administrative processes and increased enforcement actions, litigation, fines and penalties. The regulatory landscape in these areas continues to evolve rapidly, and there is a risk that the Company could fail to address or comply with the fast changing regulatory environment, which could lead to regulatory or other actions which result in material liability for the Company. For example, in 2020, the California Consumer Privacy Act (“CCPA”) came into force and provides new data privacy rights for California consumers and new operational requirements for covered companies. The CCPA also includes a private right of action for certain data breaches that is expected to increase data breach litigation. Failure to comply with the CCPA could result in civil penalties of \$2,500 for each violation or \$7,500 for each intentional violation. Additionally, a new privacy law, the California Privacy Rights Act (“CPRA”), was approved by California voters in the November 3, 2020 election. The CPRA, which takes effect on January 1, 2023 and significantly modifies the CCPA, potentially results in further uncertainty and could require us to incur additional costs and expenses in an effort to comply. Some observers have noted the CCPA and CPRA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could also increase our potential liability and adversely affect our business. For example, the CCPA has encouraged “copycat” laws in other states across the country, such as in Virginia, New Hampshire, Illinois and Nebraska. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in compliance programs, and could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

In addition, the data protection landscape in the European Union (“EU”) and further member states of the European Economic Area (“EEA”) is continually evolving, resulting in possible significant operational costs for internal compliance and risks to our business. The EU adopted the General Data Protection Regulation (“GDPR”), which became effective in May 2018, and contains numerous requirements and changes from previously existing EU laws, including more robust obligations on data processors and heavier documentation requirements for data protection compliance programs by companies.

Among other requirements, the GDPR regulates the transfer of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. Recent legal developments in Europe have created complexity and uncertainty regarding such transfers. For instance, on July 16, 2020, the Court of Justice of the European Union (the “CJEU”) invalidated the EU-U.S. Privacy Shield Framework (the “Privacy Shield”) under which personal data could be transferred from the EEA to U.S. entities who had self-certified under the Privacy Shield scheme. While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism and potential alternative to the Privacy Shield), it made clear that reliance on such clauses alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, including, in particular, applicable surveillance laws and rights of individuals, and additional measures and/or contractual provisions may need to be put in place; however, the nature of these additional measures is currently uncertain. The CJEU went on to state that if a competent supervisory authority believes that the standard contractual clauses cannot be complied with in the destination country and that the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer.

Failure to comply with the GDPR could result in penalties for noncompliance (including possible fines of up to the greater of €20 million and 4% of our total annual revenue for the preceding financial year for the most serious violations, as well as the right to compensation for financial or non-financial damages claimed by individuals under Article 82 of the GDPR).

Further, in March 2017, the United Kingdom (“U.K.”) formally notified the European Council of its intention to leave the EU pursuant to Article 50 of the Treaty on European Union (“Brexit”). The U.K. ceased to be an EU Member State on January 31, 2020, but enacted a Data Protection Act substantially implementing the GDPR (the “UK GDPR”), effective in May 2018, which was further amended to align more substantially with the GDPR following Brexit. It is unclear how U.K. data protection laws or regulations will develop in the medium to longer term. Since the beginning of 2021 we must comply with both the GDPR and the U.K. GDPR, with each regime having the ability to fine up to the greater of €20 million (in the case of the GDPR) or £17 million (in the case of the U.K. GDPR) and 4% of total annual revenue for the preceding financial year.

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 and IT Systems 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 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 continue to develop and expand our service offerings to address emerging business demands and technological trends, including our ability to sell differentiated services up the Enterprise Technology Stack, 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 which has resulted in deflationary pressure in the price of services which in turn can adversely impact our margins. Our competitors may develop solutions or services that make our offerings obsolete or may force us to decrease prices on our services which can result in lower margins. Our ability to develop and implement up to date solutions utilizing new technologies that meet evolving customer needs in digital cloud, information technology outsourcing, consulting, industry software and solutions, and application services markets, and in areas such as artificial intelligence, automation, Internet of Things and as-a-service solutions, in a timely or cost-effective manner, will impact our ability to retain and attract customers and our future revenue growth and earnings. If we are unable to continue to execute our strategy and build our business across the Enterprise Technology Stack in a highly competitive and rapidly evolving environment or if we are unable to commercialize such services and solutions, expand and scale them with sufficient speed and versatility, our growth, productivity objectives and profit margins could be negatively affected.

Technological developments may materially affect the cost and use of technology by our customers. Some of these technologies have reduced and replaced some of our traditional services and solutions and may continue to do so in the future. This has caused, and may in the future cause, customers to delay spending under existing contracts and engagements and to delay entering into new contracts while they evaluate new technologies. Such delays can negatively impact our results of operations if the pace and level of spending on new technologies by some of our customers is not sufficient to make up any shortfall by other customers. Our growth strategy focuses on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas. If we do not sufficiently invest in new technology and adapt to industry developments, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and to execute on our growth strategy could be negatively affected.

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) public health crisis such as the COVID-19 pandemic and government responses, (2) 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 (3) the possibility that the U.S. Federal Government or the European Union may enact legislation that creates 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, such as Ukraine and Russia, including but not limited to, military activities or civil hostilities, criminal activities and other acts of violence, infrastructure disruption, natural disasters or other conditions could adversely affect our operations or cause us to exit certain markets.

On February 24, 2022, Russia invaded Ukraine. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including instability in financial markets, supply chain interruptions, political and social instability, currency exchange limitations, export controls, changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. As a result of this war, some of our Ukraine team members have been forced to relocate to other countries and within Ukraine. As of March 31, 2022, we had more than 4,000 employees in Ukraine. We are closely monitoring the developing situation, are committed to caring for our colleagues in the region, and are adapting to developments as they occur to protect the safety of our people and handle potential impacts to our delivery resources, including relocating some of our employees and reallocating work to other geographies within our global footprint, which may increase our costs. The ongoing conflict could cause harm to our team members and otherwise impair their ability to work for extended periods of time, as well as disrupt telecommunications systems, banks and other critical infrastructure necessary to conduct business in Ukraine. In addition, the United States created two new regional embargoes targeting the non-Ukrainian government-controlled areas of the Donetsk and Luhansk oblasts of Ukraine, the so-called Donetsk People's Republic and Luhansk People's Republic regions of Ukraine. If large parts of Ukraine become the target of further U.S. or other applicable sanctions, we may be legally unable to do business or otherwise continue to operate in Ukraine. If these contingencies come to pass, our results of operations and cash flows may be adversely affected.

In response to Russian military actions in Ukraine, we have stopped pursuing business in Russia and we are committed to exit the Russian market. As of March 31, 2022, we had approximately 4,000 employees in Russia and sales into Russia represented approximately 1% of our consolidated revenues for the year ended March 31, 2022. We also have a back office, and a delivery center in Russia serving our international customers. In connection with our exit of the Russian market, we also expect to experience increased costs as we shift our operations and resources to other geographies, especially if we are not able to find alternate delivery resources to serve our international customers or achieve the same level of cost efficiencies. We may also experience increased costs in relation to the replacement of employees, severance payments, and termination of our leases. Disruption to our services in the region may also arise from the knock-on impact of the decisions of our customers or other companies that form part of our business ecosystem to withdraw or end their services in the region. In addition, sanctions and trade control measures implemented against Russia or certain Russian customers may have an impact on our ability to operate or to fulfill existing contracts as we wind down our business operations. Our ability to sell assets located in Russia may also be impacted by sanctions affecting potential purchasers. Governmental authorities in the U.S., the EU and the UK, among others, launched an expansion of coordinated sanctions and export control measures, including, among others, blocking and other sanctions against some of the largest state-owned and private Russian financial institutions (and their subsequent removal from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") payment system) and certain Russian businesses, which may have a material impact on our ability to make and receive payments to/from our Russian business partners and customers. Any alleged or actual failure to comply with these measures as we extricate our business operations from Russia may subject us to government scrutiny, civil and/or criminal proceedings, sanctions and other liabilities, which may have a material adverse effect on our international operations, financial condition and results of operations. Actions taken by Russia in response to such sanctions could also have a material adverse effect on our operations. For example, in response to increased sanctions, Russia or another government could attempt to take control of assets in Russia or Ukraine of Western companies that are suspending or withdrawing their operations from Russia, such as DXC. Should our assets in the region be seized, there is no guarantee that we would be able to recover those assets in the future. Our Board has overall responsibility for oversight of risk at the Company and has been engaged and provided oversight for the Company's response to Russia's invasion of Ukraine, including the planned exit of Russia, our continuing compliance with sanctions, the relocation and support of our people in the affected countries and the other risks described above.

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.

Failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs, could adversely affect our liquidity, capital position, borrowing cost, and access to capital markets.

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. Ratings agencies may consider changes in credit ratings based on changes in expectations about future profitability and cash flows even if short-term liquidity expectations are not negatively impacted. If changes in our credit ratings were to occur, it could result in higher interest costs under certain of our credit facilities. It would also cause our future borrowing costs to increase and limit our access to capital markets. For example, we currently fund a portion of our working capital requirements in the U.S. and European commercial paper markets. Any downgrade below our current rating would, absent changes to current market liquidity, substantially reduce or eliminate our ability to access that source of funding and could otherwise negatively impact the perception of our company by lenders and other third parties. In addition, certain of our major contracts provide customers with a right of termination in certain circumstances in the event of a rating downgrade below investment grade. 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 liquidity is a function of our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, access to capital markets and funding from third parties. In addition, like many multinational regulated enterprises, our operations are subject to a variety of tax, foreign exchange and regulatory capital requirements in different jurisdictions that have the effect of limiting, delaying or increasing the cost of moving cash between jurisdictions or using our cash for certain purposes. Our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and on-going changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory and other market factors that are beyond our control. An increase in our borrowing costs, limitations on our ability to access the global capital and credit markets or a reduction in our liquidity can adversely affect our financial condition and results of operations.

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 indebtedness, which could have a material adverse effect on our business, financial condition and results of operations.

We have indebtedness totaling approximately \$5.0 billion as of March 31, 2022 (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, could have significant consequences on our future operations, including:

- events of default if we fail to comply with the financial and other covenants contained in the agreements governing our debt instruments, which could, if material and not cured, 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 variable-rate indebtedness that 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;
- debt service may reduce 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;
- placing us at a competitive disadvantage compared to less leveraged competitors;

- increasing our vulnerability to the impact of adverse economic and industry conditions; and
- causing us to reduce or eliminate our return of cash to our stockholders, including via dividends and share repurchases.

In addition, we could be unable to refinance our outstanding indebtedness on reasonable terms or at all.

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 to fund other liquidity needs.

In March 2021, the United Kingdom Financial Conduct Authority and the administrator of LIBOR announced that U.S. dollar LIBOR settings will cease to be provided or cease to be representative after June 30, 2023. The publication of all other LIBOR settings ceased to be provided or ceased to be representative as of December 31, 2021. In November 2020, U.S. banking agencies issued guidance encouraging banks to stop entering new contracts that use U.S. dollar LIBOR as a reference rate as soon as practicable but no later than December 31, 2021. As such, we have amended the Revolving Credit Agreement and certain of our other financing agreements to allow us to reference the Secured Overnight Financing Rate (“SOFR”) as the primary benchmark rate. Because SOFR is fundamentally different from LIBOR, it is unknown whether SOFR will attain market acceptance as a replacement for LIBOR and there is no assurance as to how SOFR may perform or that it is a comparable substitute for LIBOR. As a result, we cannot reasonably predict the potential effect of the establishment of SOFR or other alternative reference rates on our business, financial condition or results of operations.

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, we could lose customers or we may experience reduced profitability from our customers and 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. This price competition may continue to increase from emerging companies that sell products and services into the same markets in which we operate. 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. If we experience pressure from competitors to lower our prices, we may have lower than expected profit margins and lost business opportunities if we are unable to match the price declines. 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 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 ITO services agreements contain pricing provisions that permit a customer 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 customer, 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 otherwise breach obligations to our customers.

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, which is affected by a multitude of factors, including climate change. 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.

Natural disasters may affect our worldwide business operations and financial results.

Climate change increases both the frequency and severity of natural disasters that may affect our worldwide business operations. We have facilities around the world and our facilities, our employees' ability to work or our supply chain may be impacted by climate change-related weather events or effects, including natural disasters like hurricanes and storms, as well as sea level rise, drought, flooding, wildfires, temperature changes and more intense weather events. Increasing temperatures resulting from global warming could lead to increasing energy costs and unfavorable operating cost impacts, as well as extreme weather events that could cause loss of power to data centers and service disruptions, resulting in contractual fines or loss of business. Additionally, our customers' facilities may be impacted by climate change-related weather events or effects, which may impact our ability to serve our customers. Any of the foregoing could have a material adverse effect on our financial condition and results of operations.

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. Immigration laws in the countries in which we operate are subject to legislative changes, as well as to variations in the standards of application and enforcement due to political forces and economic conditions. Changes in immigration laws or varying applications of immigration laws to limit the availability of certain work visas in the U.S. may impact our ability to hire talent that we need to enhance our products and services and for our operations. It is also difficult to predict the political and economic events that could affect immigration laws, or the restrictive impact they could have on obtaining or renewing work visas for our international personnel. The loss of personnel could impair our ability to perform under certain contracts, which could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Additionally, the inability to adequately develop and train personnel and assimilate key new hires or promoted employees could have a material adverse effect on relationships with third parties, our financial condition and results of operations and cash flows.

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

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

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

Prolonged periods of inflation where we do not have adequate inflation protections in our customer contracts could increase costs, have an adverse effect on general economic conditions and impact consumer budgeting, which could impact our profitability and have a material adverse effect on our business and results of operations.

We generally provide services under time and materials contracts, unit price contracts, fixed-price contracts, and multiple-element software sales. In many of our contracts, we bear the risk of cost overruns, completion delays, resource requirements, wage inflation and adverse movements in exchange rates in connection with these contracts. Certain, but not all, of these contracts provide for price adjustments for inflation or abnormal escalation. However, if one or more raw materials or components for our products (e.g., semiconductors) were to experience an isolated price increase without inflationary impacts on the broader economy, we may not be entitled to inflation protection under those contracts.

Additionally, inflation has risen worldwide and the United States has recently experienced historically high levels of inflation. If the inflation rate continues to increase, it can also push up the costs of labor and our employee compensation expenses. Moreover, the United States is experiencing a workforce shortage, which in turn, has created a hyper-competitive wage environment that may increase our operating costs. There is no assurance that our revenues will increase at the same rate to maintain the same level of profitability.

Inflation and government efforts to combat inflation, such as raising benchmark interest rate, could increase market volatility and have an adverse effect on the financial market and general economic conditions. In a time of uncertainty, our customers may have difficulty in budgeting for external IT services, delay procurement of products and services from us or delay their payment for products and services we have already provided, all of which could adversely affect our profitability, results of operations and cash flow.

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 increases and as more of the services we provide are shifted to lower cost regions of the world. Approximately 71% of revenues earned during fiscal 2022 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.

The U.K. withdrew from the European Union on January 31, 2020 (“Brexit”). In connection with Brexit, the U.K. and the European Union agreed on the Trade and Cooperation Agreement (“TCA”) that governs the future trading relationship between the U.K. and the European Union in specified areas. The TCA took effect on January 1, 2021. The U.K. is no longer in the European Union customs union and is outside of the European Union single market. The TCA addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the U.K. and the European Union as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about whether the terms of the relationship will differ materially from the terms before withdrawal. Uncertainty surrounding the effect of Brexit, as well as any potential impact on tax laws and trade policy in the U.S. and elsewhere may adversely impact our operations.

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. Social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands, may adversely affect our relationships with customers and investors.

We operate in approximately 70 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. 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, along with industry regulations such as regulation by bank regulators in the U.S. and Europe. 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.

Our operations are also subject to a broad array of domestic and international environmental, health, and safety laws and regulations, 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, our failure to comply with these laws or regulations can result in civil, criminal or regulatory penalties, fines, and legal liabilities; suspension, delay or alterations of our operations; damage to our reputation; and restrictions on our operations or sales. Our business could also be affected if new environmental legislation is passed which impacts our current operations and business. For example, if we are unable to comply with fast-moving regulatory requirements, we could be disqualified from RFP processes, leading to a loss of sales. In addition, as climate change laws, regulations, treaties and national and global initiatives are adopted and implemented regionally or throughout the world, we may be required to comply or potentially face market access limitations, fines or reputational injury. Such laws, regulations, treaties or initiatives in response to climate change, including, but not limited to, the introduction of a carbon tax, could result in increased operational costs associated with air pollution requirements and increased compliance and energy costs, which could harm our business and results of operations by increasing our expenses or requiring us to alter our business operations. Moreover, we may experience loss of market share if we are unable to provide competitive products and services that incorporate climate-change mitigations, and if we are unable to achieve and sustain a carbon-neutral business model in a meaningful time frame, we could lose stockholder confidence, resulting in loss of business and loss of access to the financial markets.

We are also subject to risks associated with environmental, social and governance ("ESG") regulations. Governmental bodies, investors, clients and businesses are increasingly focused on prioritizing ESG practices, which has resulted in and may in the future continue to result in the adoption of new laws and regulations. Our inability to keep pace with any ESG regulations, trends and developments or failure to meet the expectations, including, but not limited to, any expectations resulting from goals we have established, or interests of our clients and investors could adversely affect our business and reputation and could result in undesirable investor actions or customer or talent retention and attraction issues.

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 implemented 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. There are also significant costs associated with restructuring which can have a significant impact on our earnings and cash flow. 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 22 - "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 customers 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.

Our inability to procure third-party licenses required for the operation of our products and service offerings may result in decreased revenue or increased costs.

Many of our products and service offerings depends on the continued performance and availability of software licensed from third-party vendors under our contractual arrangements. Because of the nature of these licenses and arrangements, there can be no assurance that we would be able to retain all of these intellectual property rights upon renewal, expiration or termination of such licenses or that we will be able to procure, renew or extend such licenses on commercially reasonable terms which may result in increased costs. Certain of our licenses are concentrated in one or more third-party licensors where multiple licenses are up for renewal at the same time, which could decrease our ability to negotiate reasonable license fees and could result in our loss of rights under such licenses.

Disruption of our supply chain could adversely impact our business.

We are experiencing, and may continue to experience, delays and shortages of certain necessary components to the services and solutions we offer our clients resulting from issues with the global supply chain, the COVID-19 pandemic, the conflict between Russia and Ukraine, and any disruptions at our suppliers. This shortage may increase component delivery lead times and costs to source available components and delay the delivery of our hardware products and services, which may adversely affect our ability to comply with our contracts and our ability to support our existing customers and our growth through sales to new customers. In the event of a component shortage or interruptions at a supplier, we may not be able to develop alternate sources quickly, cost effectively, or at all. Supply chain interruptions could harm our relationships with our customers, prevent us from acquiring new customers, and materially and adversely affect our 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.

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, subject us to litigation or regulatory scrutiny 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. During the third quarter of fiscal 2020, our management identified a material weakness in our internal control over financial reporting as of December 31, 2019 related to reassessing policies and procedures to determine their continued relevance, as impacted by complex transactions and processes. Although this material weakness was remediated during the fourth quarter of fiscal 2022, we cannot assure you that we will not identify another material weakness in the future.

We could suffer additional losses due to asset impairment charges.

We acquired substantial goodwill and other intangibles as a result of the HPES Merger and the Luxoft Acquisition, increasing our exposure to this risk. We test our goodwill for impairment during the second quarter of every year and on an interim date should events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount. If the fair value of a reporting unit is revised downward due to declines in business performance or other factors or if the Company suffers further declines in share price, an impairment could result and a non-cash charge could be required. We test intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This assessment of the recoverability of finite-lived intangible assets could result in an impairment and a non-cash charge could be required. 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. On November 8, 2018, DXC announced that its Board of Directors approved an incremental \$2.0 billion share repurchase authorization. On February 2, 2022, we announced our intention to repurchase incrementally up to \$1.0 billion of our outstanding shares of common stock in the open market, in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. However, we are not obligated to make any purchases of our shares, and our decision to repurchase our shares, as well as the timing of such repurchases, will depend on a variety of factors as determined by our management and Board of Directors.

In addition, while we paid quarterly cash dividends to our stockholders starting fiscal 2018 in accordance with our announced dividend policy, we suspended the payment of quarterly dividends starting in fiscal 2021 to enhance our financial flexibility. At this time, we do not intend to reinstate our quarterly cash dividends. 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 or repurchase shares 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 23 - "Commitments and Contingencies," we are currently party to a number of disputes that involve or may involve litigation or arbitration, including securities litigation in which we and certain of our current or former officers and directors have been named as defendants. The result of these and any other future legal proceedings cannot be predicted with certainty. Regardless of their subject matter or merits, such legal proceedings may result in significant cost to us, including in the form of legal fees and/or damages, which may not be covered by insurance, may divert the attention of management or may otherwise have an adverse effect on our business, financial condition and results of operations. Negative publicity from litigation, whether or not resulting in a substantial cost, could materially damage our reputation and could have a material adverse effect on our business, financial condition, results of operations, and the price of our common stock. In addition, such legal proceedings may make it more difficult to finance our operations.

We are also subject to continuous examinations of our income tax returns by tax authorities. Although we believe our tax estimates are reasonable, the final results of any tax examination or related litigation could be materially different from our related historical income tax provisions and accruals. Adverse developments in an audit, examination or litigation related to previously filed tax returns, or in the relevant jurisdiction's tax laws, regulations, administrative practices, principles and interpretations could have a material effect on our results of operations and cash flows in the period or periods for which that development occurs, as well as for prior and subsequent periods. For more details, including on current tax examinations of our income tax returns by tax authorities, see Note 13 – "Income Taxes."

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 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 the event that one or more customers or suppliers' defaults on its payment or delivery obligations, we could incur significant losses, which may harm our business, reputation, results of operations, cash flows and financial condition. In addition, customers may decide to downsize, defer or cancel contracts which could negatively affect our revenues.

Further, as of March 31, 2022, we have \$0.4 billion of floating interest 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 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 and cash flows from operations.

Over the course of a contract term, a customer's financial condition may decline and limit its ability to pay its obligations. This could 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.

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

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

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

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

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.

Our strategic transactions may prove unsuccessful and our profitability may be materially and adversely affected.

At any given time, we may be engaged in discussions or negotiations with respect to one or more transactions, including acquisitions, divestitures or spin-offs, strategic partnerships or other transaction involving one or more of our businesses. Any of these transactions could be material to our business, financial condition, results of operations and cash flows. We may ultimately determine not to proceed with any transaction for commercial, financial, strategic or other reasons. As a result, we may not realize benefits expected from exploring one or more strategic transactions, may realize benefits further in the future or those benefits may ultimately be significantly smaller than anticipated, which could adversely affect our business, financial condition, results of operations and cash flows.

In addition, we may fail to complete transactions. Closing transactions is subject to uncertainties and risks, including the risk that we may be unable to satisfy conditions to closing, such as regulatory and financing conditions and the absence of material adverse changes to our business.

For acquisitions, 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:

- integrate the operations and business cultures, 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 key personnel at acquired businesses; and
- manage new business lines, as well as acquisition-related workload.

Existing contractual restrictions may limit our ability to engage in certain integration activities for varying periods. We may not be successful in meeting these or any other challenges encountered in connection with historical and future acquisitions. 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. In addition, the quantification of previously announced synergies expected to result from an acquisition 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. In addition, 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.

Divestiture transactions also involve significant challenges and risks, including:

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

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.

Changes in 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, introducing new anti-base erosion provisions and the ability to expense research and experimentation costs. Many of these changes were 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, state and local jurisdictions continue to issue guidance on 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.

The repatriation tax resulted in a material amount of additional U.S. tax liability, the majority of which was reflected as an income tax expense in fiscal 2018, when the tax legislation was enacted, despite the fact that the resulting tax may be paid over eight years.

In January 2022, the U.S. Treasury published final foreign tax credit regulations which included provisions that are applicable to fiscal 2022, prior and future years. The final regulations, among other things, provide guidance regarding whether certain foreign taxes qualify for U.S. foreign tax credit purposes and how foreign taxes are apportioned for purposes of computing the U.S. foreign tax credit. We have considered the impact of the new regulations in our fiscal 2022 income tax provision and evaluated the impact on prior years, noting no significant impact to prior year's income tax provisions. In addition, the 2017 Tax Cuts & Jobs Act (TCJA) contained a provision that requires taxpayers to capitalize research and development costs effective for tax years beginning after December 31, 2021, which will be applicable the Company for FY23 and subsequent years.

While some of the changes made by recent tax legislation may be beneficial to the Company in one or more reporting periods and prospectively, other changes may be adverse on a going forward basis. We continue to work with our tax advisors to determine the full impact that recent tax legislation as a whole will have on us. Further, there may be other material adverse effects resulting from future guidance, including technical corrections.

Changes in tax rates, tax laws and the outcome of tax examinations could affect our future results.

Our future effective tax rates, which are largely driven by the mix of our global earnings and the differing statutory tax rates in the jurisdictions where we operate, are subject to change as a result of changes in statutory tax rates enacted in those jurisdictions, or by 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 our Completed Strategic Transactions

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.

Under the tax matters agreement that we entered into with HPE in connection with the HPES Merger, 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.

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 U.K., 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.

The USPS Separation and Mergers and NPS Separation could result in substantial tax liability to DXC and our stockholders.

Among the closing conditions to completing the USPS Separation and Mergers, we received a legal opinion of tax counsel substantially to the effect that, for U.S. federal income tax purposes: (i) the USPS Separation qualifies 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 is a "party to a reorganization" within the meaning of Section 368(b) of the Code with respect to the USPS Separation; (iii) the USPS distribution qualifies 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 related mergers causes Section 355(e) of the Code to apply to the USPS distribution. If, notwithstanding the conclusions expressed in these opinions, the USPS Separation and Mergers were determined to be taxable, DXC and its stockholders could incur significant tax liabilities.

In addition, prior to the HPES Merger, CSC spun off its North American Public Sector business ("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. 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. If, notwithstanding the conclusions expressed in these opinions, the NPS Separation were determined to be taxable, CSC and CSC stockholders that received CSRA Inc. ("CSRA") stock in the NPS Separation could incur significant tax liabilities.

The opinions of counsel we received were based on, among other things, various factual representations and assumptions, as well as certain undertakings made by DXC, Perspecta and CSRA. 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 or the NPS 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 opinions or that a court would not sustain such a challenge. If, notwithstanding our receipt of the opinions, the USPS Separation or NPS Separation is determined to be taxable, we would recognize taxable gain as if we had sold the shares of Perspecta or CSRA in a taxable sale for its fair market value, which could result in a substantial tax liability. In addition, if the USPS Separation or NPS Separation is determined to be taxable, each holder of our common stock who received shares of Perspecta or CSRA 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.

Additionally, even if the USPS Separation otherwise qualifies as a tax-free transaction, the USPS 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 USPS distribution. In this event, the resulting tax liability could be substantial. In connection with the USPS Separation, we entered into a tax matters agreement with Perspecta, under which it agreed 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters is located at a leased facility in Ashburn, VA. We own or lease numerous offices and data centers with approximately 400 locations around the world. We do not identify properties by segment, as they are interchangeable in nature and used by both segments.

We continue to reduce our space capacity at low utilization and sub-scale locations, exit co-locations, align locations by skill type and optimize our data center footprint. Where commercially reasonable and to the extent it is not needed for future expansion, we seek to sell, lease or sublease our excess space.

The following table provides a summary of properties we owned and leased as of March 31, 2022:

Geographic Area	Approximate Square Feet (in millions)		
	Owned	Leased	Total
United States	2.7	1.4	4.1
EMEA	1.1	4.6	5.7
APAC	1.0	3.8	4.8
All other	0.7	0.3	1.0
Real estate in restructuring	—	1.6	1.6
Inactive space	0.6	0.1	0.7
Sublet space	0.6	—	0.6
Assets held for sale	0.5	—	0.5
Total	7.2	11.8	19.0

Type	Owned	Leased	Total
Offices	2.2	8.2	10.4
Data centers	3.3	1.9	5.2
Real estate in restructuring	—	1.6	1.6
Inactive space	0.6	0.1	0.7
Sublet space	0.6	—	0.6
Assets held for sale	0.5	—	0.5
Total	7.2	11.8	19.0

We believe that the facilities described above are suitable and adequate to meet our current and anticipated requirements. As we transition to a more permanent virtual model we believe we will have excess facilities space. See Note 10 - "Property and Equipment," which provides additional information related to our land, buildings and leasehold improvements, and Note 7 - "Leases," which provides additional information related to our real estate lease commitments.

ITEM 3. LEGAL PROCEEDINGS

See Note 23 - "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 trades on the New York Stock Exchange under the symbol "DXC."

Number of Holders

As of May 23, 2022, there were 40,767 holders of record of our common stock.

Dividends

The Board of Directors (the "Board") indefinitely suspended the Company's cash dividend payment beginning in the first quarter of fiscal 2021.

Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended March 31, 2022 was as follows:

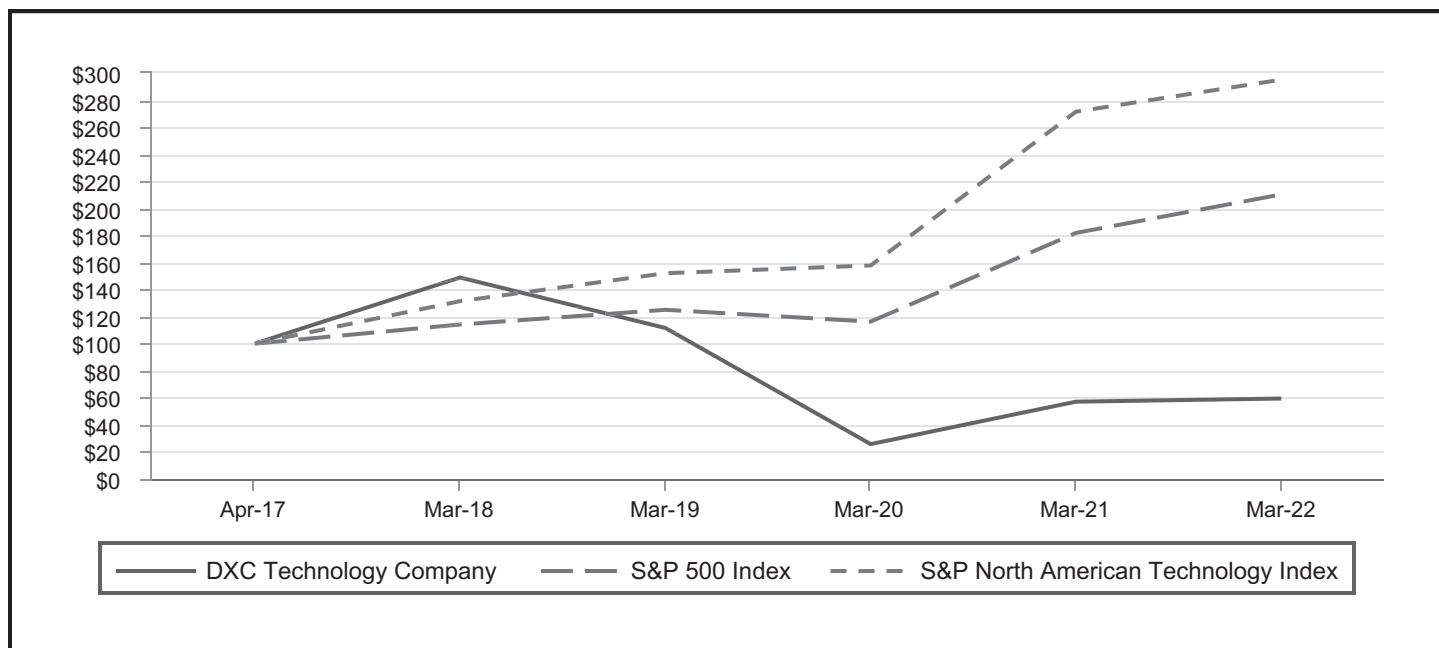
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
January 1, 2022 to January 31, 2022	1,119,994	\$ 33.36	1,119,994	\$ 1,387,691,431
February 1, 2022 to February 28, 2022	2,619,956	\$ 36.16	2,619,956	\$ 1,292,960,125
March 1, 2022 to March 31, 2022	4,461,217	\$ 31.14	4,461,217	\$ 1,154,057,908

On April 3, 2017, we announced the establishment of a share repurchase plan approved by the Board of Directors with an initial authorization of \$2.0 billion for future repurchases of outstanding shares of our common stock. On November 8, 2018, our Board of Directors approved an incremental \$2.0 billion share repurchase authorization. On February 2, 2022, we announced our intention to repurchase incrementally up to \$1.0 billion of our outstanding shares of common stock in the open market. 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 16 - "Stockholders' Equity" for more information.

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, 2022 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				
	Return 2018*	Return 2019	Return 2020	Return 2021	Return 2022
DXC Technology Company	48.9%	(25.0)%	(76.9)%	121.5 %	4.1 %
S&P 500 Index	14.2%	9.5 %	(7.0)%	56.4 %	15.6 %
S&P North American Technology Index	31.4%	15.7 %	3.8 %	72.0 %	8.7 %

* Since April 3, 2017

Equity Compensation Plans

See Part III, Item 12 of this Annual Report for information regarding our equity compensation plans.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") 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, 2022 and our financial condition as of March 31, 2022. 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
- Critical Accounting Estimates

The following discussion includes a comparison of our results of operations and liquidity and capital resources for fiscal 2022 and fiscal 2021. A comparison of our results of operations and liquidity and capital resources for fiscal 2021 and fiscal 2020 may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" on Form 10-K filed with the Securities and Exchange Commission on May 28, 2021.

Background

DXC helps global companies run their mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. The world's largest companies and public sector organizations trust DXC to deploy services across the Enterprise Technology Stack to drive new levels of performance, competitiveness, and customer experience.

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

Results of Operations

The following table sets forth certain financial data for fiscal 2022 and 2021:

(In millions, except per-share amounts)	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Revenues	\$ 16,265	\$ 17,729
Income before income taxes	1,141	654
Income tax expense	405	800
Net income (loss)	\$ 736	\$ (146)
Diluted income (loss) per common share:	\$ 2.81	\$ (0.59)

Fiscal 2022 Highlights

Fiscal 2022 financial highlights include the following:

- Fiscal 2022 revenues were \$16,265 million, a decrease of 8.3% as compared to fiscal 2021. See "Revenues" below for additional information.
- Fiscal 2022 net income and diluted income per share were \$736 million and \$2.81, respectively, compared to net loss and diluted loss per share of \$146 million and \$0.59, respectively, for fiscal 2021. Net income increased by \$882 million during fiscal 2022 as compared to the prior fiscal year. The increase was primarily due to increases in non-service components of net periodic pension income attributable to changes in mark-to-market actuarial assumptions and asset valuations, cost optimization realized in the current period, lower costs after the dispositions of the HPS and HHS businesses, lower transaction, separation and integration-related costs, a reduction in restructuring activities, and decreases in depreciation and amortization, partially offset by a reduction in revenue, an increase in debt extinguishment costs, and the gain on disposition of the HHS business during the third quarter fiscal 2021. Net income included the cumulative impact of certain items totaling \$171 million during fiscal 2022, reflecting restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, gains on dispositions, impairment losses, debt extinguishment costs, pension and other post-retirement benefit ("OPEB") actuarial and settlement gains, and a tax adjustment.
- Fiscal 2022 income tax expense decreased significantly compared to fiscal 2021 as a result of the gain on disposition of the HHS business, which included the impact of non-tax deductible goodwill in fiscal 2021.
- Our cash and cash equivalents were \$2,672 million at March 31, 2022.
- We generated \$1,501 million of cash from operations during fiscal 2022, as compared to \$124 million during fiscal 2021.

Revenues

During fiscal 2022 and fiscal 2021, the distribution of our revenues across operating segments and geographies were as follows:

(in millions)	Fiscal Years Ended			Fiscal Year Ended	
	March 31, 2022	March 31, 2021	Percentage Change	Constant Currency March 31, 2022 ⁽¹⁾	Percentage Change in Constant Currency ⁽¹⁾
Geographic Market					
United States	\$ 4,775	\$ 5,983	(20.2)%	\$ 4,775	(20.2)%
U.K.	2,295	2,413	(4.9)%	2,199	(8.9)%
Other Europe	5,117	5,129	(0.2)%	5,132	0.1 %
Australia	1,549	1,529	1.3 %	1,508	(1.4)%
Other International	2,529	2,675	(5.5)%	2,504	(6.4)%
Total Revenues	\$ 16,265	\$ 17,729	(8.3)%	\$ 16,118	(9.1)%
Reportable Segments					
GBS	\$ 7,598	\$ 8,336	(8.9)%	\$ 7,561	(9.3)%
GIS	8,667	9,393	(7.7)%	8,557	(8.9)%
Total Revenues	\$ 16,265	\$ 17,729	(8.3)%	\$ 16,118	(9.1)%

⁽¹⁾ 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. For more information, see "Non-GAAP Financial Measures."

The decrease in revenues for fiscal 2022 compared with fiscal 2021, reflects the disposition of the HPS business during the first quarter of fiscal 2022, in addition to disposition of the HHS business during the third quarter of fiscal 2021. Project completions, project terminations, and contractual price adjustments also contributed to the decrease in revenues. The decrease in revenues was partially offset by additional services provided to new and existing customers, increased pass-through revenue associated with the resale of hardware and software, and increased run-rate project volumes. Fiscal 2022 revenues included a favorable foreign currency exchange rate impact of 0.8%, primarily driven by the weakening of the U.S. dollar against the British Pound, Canadian Dollar, and Australian Dollar.

For a discussion of risks associated with our foreign operations, see Part I, Item 1A - Risk Factors subsections titled, "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." and "Our international operations are exposed to risks, including fluctuations in exchange rates, which may be beyond our control."

Global Business Services

Our GBS revenues were \$7.6 billion for fiscal 2022, a decrease of 8.9% compared to fiscal 2021. GBS revenue in constant currency decreased 9.3% compared to fiscal 2021. The decrease in GBS revenues was primarily due to the disposition of the HPS business at the beginning of the first quarter of fiscal 2022, the disposition of the HHS business during the third quarter of fiscal 2021, and project completions. The decrease in GBS revenues was partially offset by an increase in run-rate project volumes and additional services provided to new and existing customers.

Global Infrastructure Services

Our GIS revenues were \$8.7 billion for fiscal 2022, a decrease of 7.7% compared to fiscal 2021. GIS revenue in constant currency decreased 8.9% compared to fiscal 2021. The decrease in GIS revenues reflects project completions, project terminations, a decrease in run-rate project volumes, and contractual price adjustments. The decrease in GIS revenues was partially offset by additional services provided to new and existing customers and increased pass-through revenue associated with the resale of hardware and software.

During fiscal 2022, GBS and GIS had contract awards of \$9.4 billion and \$8.7 billion, respectively, compared with \$11.0 billion and \$8.8 billion, respectively, during fiscal 2021.

Costs and Expenses

Our total costs and expenses were as follows:

(in millions)	Fiscal Years Ended				Percentage Point Change
	Amount		Percentage of Revenues		
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 12,683	\$ 14,086	77.8 %	79.5 %	(1.7)
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,408	2,066	8.7	11.7	(3.0)
Depreciation and amortization	1,717	1,970	10.6	11.1	(0.5)
Restructuring costs	318	551	2.0	3.1	(1.1)
Interest expense	204	361	1.3	2.0	(0.7)
Interest income	(65)	(98)	(0.4)	(0.6)	0.2
Debt extinguishment costs	311	41	1.9	0.2	1.7
Gain on disposition of businesses	(371)	(2,004)	(2.3)	(11.3)	9.0
Other (income) expense, net	(1,081)	102	(6.6)	0.6	(7.2)
Total costs and expenses	\$ 15,124	\$ 17,075	93.0 %	96.3 %	(3.3)

The 330 basis point decrease in total costs and expenses as a percentage of revenue for fiscal 2022 primarily reflects cost optimization realized in the current period, lower costs after the dispositions of the HPS and HHS businesses, lower transaction, separation and integration-related costs, a reduction in restructuring activities, decreases in depreciation and amortization and an increase in other (income) expense attributed to income from non-service components of net periodic pension (income) expense, partially offset by a decrease in gain on disposition of businesses and an increase in debt extinguishment costs.

Costs of Services

Cost of services, excluding depreciation and amortization and restructuring costs ("COS"), was \$12.7 billion for fiscal 2022, as compared to \$14.1 billion in fiscal 2021. COS decreased \$1.4 billion compared to the prior fiscal year. The decrease in COS was primarily due to cost optimization savings realized during fiscal 2022 and reduced costs resulting from the dispositions of the HPS business during the first quarter of fiscal 2022 and the HHS business during the third quarter of fiscal 2021. COS as a percentage of revenue decreased 1.7% as compared to the prior fiscal year. The decrease was primarily driven by cost reductions exceeding the associated decline in revenue compared to the same period in the prior fiscal year.

Selling, General and Administrative

Selling, general and administrative expense, excluding depreciation and amortization and restructuring costs ("SG&A"), was \$1.4 billion for fiscal 2022, as compared to \$2.1 billion in fiscal 2021. SG&A decreased \$0.7 billion compared to the prior fiscal year. The decrease in SG&A was primarily driven by lower transaction, separation and integration-related costs, cost optimization savings realized during fiscal 2022, and reduced costs resulting from the dispositions of the HPS business during the first quarter of fiscal 2022 and the HHS business during the third quarter of fiscal 2021.

Transaction, separation and integration-related costs, included in SG&A, were \$26 million during fiscal 2022, as compared to \$358 million during fiscal 2021.

Depreciation and Amortization

Depreciation expense was \$625 million for fiscal 2022, as compared to \$754 million in fiscal 2021. Depreciation expense decreased \$129 million primarily due to a reduction in assets due to impairment of un-deployed assets in the prior year, and asset retirements.

Amortization expense was \$1,092 million for fiscal 2022, as compared to \$1,216 million in fiscal 2021. Amortization expense decreased \$124 million primarily due to a decrease in customer related intangibles related to the disposition of the HHS business during the third quarter of fiscal 2021 and a reduction in transition and transformation contract cost amortization due to contract completions.

Restructuring Costs

Restructuring costs represent severance related to workforce optimization programs and expense associated with facilities and data center rationalization.

During fiscal 2022, management approved global cost savings initiatives designed to better align our workforce and facility structures. Total restructuring costs recorded, net of reversals, during fiscal 2022 and 2021 were \$318 million and \$551 million, respectively.

See Note 22 - "Restructuring Costs" for additional information about our restructuring actions.

Interest Expense and Interest Income

Interest expense for fiscal 2022 was \$204 million, as compared to \$361 million in fiscal 2021, a decrease of 43%. The decrease in interest expense was primarily due to a reduction in bonds and term loans and the Company's refinancing of its high coupon debt during fiscal 2022, decreased amounts drawn on our revolving credit facility, and decreases to finance leases and asset financing.

Interest income for fiscal 2022 was \$65 million, as compared to \$98 million in fiscal 2021. The decrease in interest income was primarily driven by lower income from our multicurrency cash pools and money market accounts as well as decreases in lease interest income.

Debt Extinguishment Costs

Debt extinguishment costs for fiscal 2022 were \$311 million, as compared to \$41 million in fiscal 2021. Debt extinguishment costs for fiscal 2022 include costs related to the full redemption of our Euro-denominated term loan facility, two series of 4.45% senior notes due fiscal 2023, 4.25% senior notes due fiscal 2025, 2.75% senior notes due fiscal 2025, 4.125% senior notes due fiscal 2026, 4.75% senior notes due fiscal 2028, 7.45% senior notes due fiscal 2030, extinguishment of debt associated with asset financing, and costs related to the decrease in our revolving credit facility limit from \$4 billion to \$3 billion.

Debt extinguishment costs for fiscal 2021 consisted primarily of costs related to the redemption of 4.00% senior notes due fiscal 2024.

Gain on Dispositions

During the first quarter of fiscal 2022, DXC sold its HPS business for \$551 million which resulted in an estimated pre-tax gain on sale of \$331 million, net of closing costs. Insignificant businesses were also sold during fiscal 2022 that resulted in a gain of \$53 million. This was partially offset by \$13 million in sales price adjustments related to prior year dispositions, which resulted from changes in projected closing net working capital.

During the third quarter of fiscal 2021, DXC sold its HHS business for \$5.0 billion which resulted in an estimated pre-tax gain on sale of \$2,014 million, net of closing costs. Insignificant businesses were also sold during fiscal 2021 that resulted in a loss of \$10 million.

Other (Income) Expense, Net

Other (income) expense, net comprises non-service cost components of net periodic pension (income) expense, 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 components of other (income) expense, net for fiscal 2022 and 2021 are as follows:

(in millions)	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Non-service cost components of net periodic pension (income) expense	\$ (1,066)	\$ 110
Foreign currency loss	13	14
Other gain	(28)	(22)
Total	<u>\$ (1,081)</u>	<u>\$ 102</u>

The \$1,183 million increase in other income, net, for fiscal 2022, as compared to the prior fiscal year, was due to a year-over-year increase of \$1,176 million in non-service components of net periodic pension income attributable to changes in mark-to-market actuarial assumptions and asset valuations, a \$6 million increase in other gains from sales of non-operating assets, and a year-over-year favorable foreign currency impact of \$1 million.

Taxes

Our effective tax rate ("ETR") on income (loss) from continuing operations, before taxes, for fiscal 2022 and 2021 was 35.5% and 122.3%, 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 13 - "Income Taxes."

In fiscal 2022, the ETR was primarily impacted by:

- Income Tax and Foreign Tax Credits, which decreased income tax expense and decreased the ETR by \$174 million and 15.2%, respectively.
- Changes in Luxembourg losses that increased the ETR by \$1,609 million and 141.0%, respectively, with an offsetting decrease in the ETR due to a decrease in the valuation allowance of the same amount.
- Adjustments to uncertain tax positions that increased the overall income tax expense and the ETR by \$78 million and 6.8%, respectively.

In fiscal 2021, the ETR was primarily impacted by:

- Impact of the HHS and other business divestitures, which increased tax expense and increased the ETR \$344 million and 52.6%, respectively. The HHS tax gain increased tax expense and the ETR as the tax basis of assets sold, primarily goodwill, was lower than the book basis.
- Continued losses in countries where we are recording a valuation allowance on certain deferred tax assets, primarily in Belgium, Denmark, Italy, France, Luxembourg, and U.S., and an impairment of the full German deferred tax asset, which increased income tax expense and increased the ETR by \$1,565 million and 239.3%, respectively.
- An increase in Income Tax and Foreign Tax Credits, which decreased income tax expense and decreased the ETR by \$319 million and 48.7%, respectively.

- Local losses on investments in Luxembourg that increased the foreign rate differential and decreased the ETR by \$1,226 million and 187.5%, respectively, with an offsetting increase in the ETR due to an increase in the valuation allowance of the same amount.
- The Company recognized adjustments to uncertain tax positions that increased the overall income tax expense and the ETR by \$112 million and 17.2%, respectively.

The Internal Revenue Service (the "IRS") has examined, or is examining, the Company's federal income tax returns for fiscal 2008 through the tax year ended October 31, 2018. With respect to CSC's fiscal 2008 through 2017 federal tax returns, the Company participated in settlement negotiations with the IRS Office of Appeals. The IRS examined several issues for these tax years that resulted in various audit adjustments. The Company and the IRS Office of Appeals have an agreement in principle as to various audit adjustments, and we disagree with the IRS' disallowance of certain losses and deductions resulting from restructuring costs and tax planning strategies in previous years. As we believe we will ultimately prevail on the technical merits of the disagreed items and are challenging them in the IRS Office of Appeals or the U.S. Tax Court, these matters are not fully reserved and would result in a federal and state tax expense of approximately \$458 million (including estimated interest and penalties) for the unreserved portion of these items and related cash cost if we do not prevail. We have received notices of deficiency with respect to fiscal 2009, 2010, 2011 and 2013 and have timely filed petitions with the U.S. Tax Court. We do not expect the U.S. Tax Court matters to be resolved in the next 12 months.

The Company has agreed to extend the statute of limitations for fiscal years 2008 through 2010 to April 30, 2022, for fiscal years 2014 through fiscal 2017 to February 28, 2023, and for the tax years ended October 31, 2017, and October 31, 2018, to September 30, 2023. The statute of limitations on assessments for fiscal years 2011 through 2013 has expired, with the exception of a \$6 million refund claim for 2012 for which the statute remains open. However, as previously noted, fiscal years 2011 and 2013 are in the U.S. Tax Court and consequently these years will remain open until the U.S. Tax Court proceedings have concluded.

The Company expects to reach resolution with regard to disagreed items for fiscal years 2009 through 2013 no earlier than fiscal 2025, and to reach resolution for fiscal years 2014 through 2017, within 12 months.

The Company may settle certain other tax examinations for different amounts than the Company has accrued as uncertain tax positions. Consequently, the Company may need to accrue and ultimately pay additional amounts or pay lower amounts than previously estimated and accrued when positions are settled in the future. The Company believes the outcomes that are reasonably possible within the next 12 months to result in a reduction in its liability for uncertain tax positions, excluding interest, penalties, and tax carry-forwards, would be approximately \$44 million.

Earnings (Loss) Per Share

Diluted earnings (loss) per share for fiscal 2022 was \$2.81, as compared to \$(0.59) in fiscal 2021. The earnings per share increase was due to an increase of \$882 million in net income.

Diluted earnings per share for fiscal 2022 includes \$0.99 per share of restructuring costs, \$0.07 per share of transaction, separation and integration-related costs, \$1.35 per share of amortization of acquired intangible assets, \$0.09 per share of impairment losses, \$(0.93) per share of net gains on dispositions, \$(1.99) per share of pension and OPEB actuarial and settlement gains, \$0.93 per share of debt extinguishment costs, and \$0.17 per share of tax adjustments primarily relating to tax adjustments to impair or recognize certain deferred tax assets and adjustments for changes in tax legislation.

Diluted loss per share for fiscal 2021 includes \$1.79 per share of restructuring costs, \$1.06 per share of transaction, separation and integration-related costs, \$1.59 per share of amortization of acquired intangible assets, \$0.55 per share of impairment losses, \$(4.22) per share of net gains on dispositions, \$1.57 per share of pension and OPEB actuarial and settlement losses, \$0.12 per share of debt extinguishment costs, and \$0.55 per share of tax adjustment relating to a valuation allowance on deferred tax assets offset by changes in outside basis related to held for sale classification of the HPS business.

Ukraine / Russia Update

Subsequent to the end of the quarter, DXC exited its domestic Russian business. This action achieves a significant portion of our commitment to exit Russia. The sale of this business has provided continuing employment opportunities for many former DXC employees who have chosen to stay in Russia. The exit of this market will reduce revenues by approximately \$140 million annually. The company is transitioning global business previously serviced by our DXC Russian colleagues to international teams and expects to complete this process by the end of the second quarter.

DXC's Ukraine business supported approximately \$250 million of revenue, predominantly serving international customers. Despite the ongoing conflict, these revenues have only seen a minor impact stemming from the conflict. Our global teams have worked to augment their Ukrainian colleagues, and to continue to deliver for our customers through the conflict.

Non-GAAP Financial Measures

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

We believe EBIT, adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS provide investors with useful supplemental information about our operating performance after excluding certain categories of expenses.

We believe constant currency revenues provides investors with useful supplemental information about our revenues after excluding the effect of currency exchange rate fluctuations for currencies other than U.S. dollars in the periods presented. See below for a description of the methodology we use to present constant currency revenues.

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

Another category of expenses excluded from adjusted EBIT, non-GAAP income before income tax, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS is impairment losses, which, if included, may result in a significant difference in period over period expense on a GAAP basis. We exclude impairment losses as these non-cash amounts reflect generally an acceleration of what would be multiple periods of expense and are not expected to occur frequently. Further assets such as goodwill may be significantly impacted by market conditions outside of management's control.

There are limitations to the use of the non-GAAP financial measures presented in this report. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies. 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-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. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Fiscal 2022 Highlights."

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

(in millions)	Fiscal Years Ended			Percentage Change
	March 31, 2022	March 31, 2021	Change	
Income before income taxes	\$ 1,141	\$ 654	\$ 487	74.5 %
Non-GAAP income before income taxes	\$ 1,236	\$ 839	\$ 397	47.3 %
Net income (loss)	\$ 736	\$ (146)	\$ 882	604.1 %
Adjusted EBIT	\$ 1,375	\$ 1,102	\$ 273	24.8 %

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP adjustments include:

- Restructuring costs – includes costs, net of reversals, related to workforce and real estate optimization and other similar charges.
- Transaction, separation and integration-related (“TSI”) costs – includes costs related to integration, planning, financing and advisory fees and other similar charges associated with mergers, acquisitions, strategic investments, joint ventures, and dispositions and other similar transactions.⁽¹⁾
- Amortization of acquired intangible assets – includes amortization of intangible assets acquired through business combinations.
- Gains and losses on dispositions – gains and losses related to dispositions of businesses, strategic assets and interests in less than wholly-owned entities.⁽²⁾
- Pension and OPEB actuarial and settlement gains and losses – pension and OPEB actuarial mark to market adjustments and settlement gains and losses.
- Debt extinguishment costs – costs associated with early retirement, redemption, repayment or repurchase of debt and debt-like items including any breakage, make-whole premium, prepayment penalty or similar costs as well as solicitation and other legal and advisory expenses.⁽³⁾
- Impairment losses – impairment losses on assets classified as long-term on the balance sheet.⁽⁴⁾
- Tax adjustments – reflects discrete tax adjustments to impair or recognize certain deferred tax assets and adjustments for changes in tax legislation. Income tax expense of merger and divestitures is separately computed based on the underlying transaction. Income tax expense of all other (non-discrete) non-GAAP adjustments is computed by applying the jurisdictional tax rate to the pre-tax adjustments on a jurisdictional basis.⁽⁵⁾

⁽¹⁾ TSI-Related Costs for both periods presented include fees and other internal and external expenses associated with legal, accounting, consulting, due diligence, investment banking advisory, and other services, as well as financing fees, retention incentives, and resolution of transaction related claims in connection with, or resulting from, exploring or executing potential acquisitions, dispositions and strategic investments, whether or not announced or consummated.

The TSI-Related costs for fiscal 2022 include \$14 million of costs to execute dispositions (including \$2 million for the sale of HHS which closed in October 2020 and \$12 million for the sale of HPS which closed on April 1, 2021); \$2 million legal costs and a \$(12) million credit towards Perspecta Arbitration settlement; \$5 million in expenses related to integration projects resulting from the CSC – HPE ES merger (including costs associated with continuing efforts to separate certain IT systems) and \$17 million of costs incurred in connection with activities related to other acquisitions and divestitures.

The TSI-Related costs for fiscal 2021 include \$250 million of costs to execute dispositions (including \$142 million for the sale of HHS which closed in October 2020 and \$61 million for the sale of the healthcare software business which closed on April 1, 2021); \$42 million in expenses related to integration projects resulting from the CSC – HPES merger (including costs associated with continuing efforts to separate certain IT systems) and \$66 million of costs incurred in connection with activities related to other acquisitions and divestitures.

⁽²⁾ Gains and losses on dispositions for fiscal 2022 include a \$331 million gain on sale of the HPS business, gains of \$23 million on other dispositions and loss of \$13 million on adjustments relating to the sale of the HHS business.

Gains and losses on dispositions for fiscal 2021 includes a \$2,014 million gain on sale of the HHS business, a gain of \$5 million on sales of other insignificant businesses, and a \$15 million loss on equity securities without readily determinable fair value, which were adjusted to fair value following receipt of a bona fide offer to purchase.

⁽³⁾ Debt extinguishment costs adjustments for fiscal 2022 includes \$18 million to fully redeem two series of our 4.45% senior notes due fiscal 2023, \$7 million associated with asset financing, \$1 million to fully redeem our Euro-denominated term loan facility, \$41 million to fully redeem our 4.25% senior notes due fiscal 2025, \$26 million to fully redeem our 2.75% senior notes due fiscal 2025, \$58 million to fully redeem our 4.125% senior notes due fiscal 2026, \$87 million to fully redeem our 4.750% senior notes due fiscal 2028, \$71 million to fully redeem our 7.45% senior notes due fiscal 2030, and \$2 million related to the decrease in our revolving credit facility limit.

Debt extinguishment costs adjustments for fiscal 2021 includes \$34 million to fully redeem our 4.00% senior notes due fiscal 2024 and \$7 million to partially redeem two series of our 4.45% senior notes due fiscal 2023 via tender offer.

⁽⁴⁾ Impairment losses for fiscal 2022 includes a \$10 million impairment charge of capitalized TSI related property and equipment and a \$21 million impairment charge of loan receivable and stock warrants associated with a strategic investment.

Impairment losses for fiscal 2021 were \$190 million. This includes \$165 million impairment for assets pre-purchased through preferred vendor agreements and determined un-deployable, \$12 million partial impairment of acquired software, \$7 million partial impairment of internally developed software intended for internal use and external sale, and \$6 million of capitalized transition and transformation contract costs.

⁽⁵⁾ Tax adjustment for fiscal 2022 includes a \$50 million net revaluation of deferred taxes resulting from changes in non-US jurisdiction tax rates, and \$(7) million of adjustment to the transition tax.

Tax adjustment for fiscal 2021 includes \$175 million for the impairment of the German deferred tax asset via a valuation allowance, \$9 million for tax expense relating to the USPS spin-off, offset by \$35 million tax benefit related to the held for sale classification of the Healthcare Provider Software business, and \$7 million tax benefit related to prior restructuring charges. The German tax asset was created from multiple periods of losses in Germany that, if not for certain non-GAAP adjustments of restructurings, pension mark to market loss, and impairments, would not have required the asset to be impaired and a valuation allowance established.

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

Fiscal Year Ended March 31, 2022										
(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Impairment Losses	Gains and Losses on Dispositions	Pension and OPEB Actuarial and Settlement Gains and Losses	Debt Extinguishment Costs	Tax Adjustment	Non-GAAP Results
Income before income taxes	1,141	318	26	434	31	(341)	(684)	311	—	1,236
Income tax expense	405	65	7	90	7	(104)	(171)	73	(43)	329
Net income	736	253	19	344	24	(237)	(513)	238	43	907
Less: net loss attributable to non-controlling interest, net of tax	18	—	—	—	—	—	(5)	—	—	13
Net income attributable to DXC common stockholders	<u>\$ 718</u>	<u>\$ 253</u>	<u>\$ 19</u>	<u>\$ 344</u>	<u>\$ 24</u>	<u>\$ (237)</u>	<u>\$ (508)</u>	<u>\$ 238</u>	<u>\$ 43</u>	<u>\$ 894</u>
Effective Tax Rate	35.5 %									26.6 %
Basic EPS	\$ 2.87	\$ 1.01	\$ 0.08	\$ 1.38	\$ 0.10	\$ (0.95)	\$ (2.03)	\$ 0.95	\$ 0.17	\$ 3.58
Diluted EPS	\$ 2.81	\$ 0.99	\$ 0.07	\$ 1.35	\$ 0.09	\$ (0.93)	\$ (1.99)	\$ 0.93	\$ 0.17	\$ 3.50
Weighted average common shares outstanding for:										
Basic EPS	250.02	250.02	250.02	250.02	250.02	250.02	250.02	250.02	250.02	250.02
Diluted EPS	255.21	255.21	255.21	255.21	255.21	255.21	255.21	255.21	255.21	255.21

* The net periodic pension cost within net income includes \$441 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP net income includes \$581 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.

Fiscal Year Ended March 31, 2021

(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Impairment Losses	Gains and Losses on Dispositions	Pension and OPEB Actuarial and Settlement Gains and Losses	Debt Extinguishment Costs	Tax Adjustment	Non-GAAP Results
Income before income taxes	654	551	358	530	190	(2,004)	519	41	—	839
Income tax expense	800	92	87	121	49	(920)	115	10	(142)	212
Net (loss) income	(146)	459	271	409	141	(1,084)	404	31	142	627
Less: net income attributable to non-controlling interest, net of tax	3	—	—	—	—	—	—	—	—	3
Net (loss) income attributable to DXC common stockholders	\$ (149)	\$ 459	\$ 271	\$ 409	\$ 141	\$ (1,084)	\$ 404	\$ 31	\$ 142	\$ 624
Effective Tax Rate	122.3 %									25.3 %
Basic EPS	\$ (0.59)	\$ 1.81	\$ 1.07	\$ 1.61	\$ 0.55	\$ (4.27)	\$ 1.59	\$ 0.12	\$ 0.56	\$ 2.46
Diluted EPS	\$ (0.59)	\$ 1.79	\$ 1.06	\$ 1.59	\$ 0.55	\$ (4.22)	\$ 1.57	\$ 0.12	\$ 0.55	\$ 2.43
Weighted average common shares outstanding for:										
Basic EPS	254.14	254.14	254.14	254.14	254.14	254.14	254.14	254.14	254.14	254.14
Diluted EPS	254.14	256.86	256.86	256.86	256.86	256.86	256.86	256.86	256.86	256.86

* The net periodic pension cost within net loss includes \$1,401 million of actual return on plan assets, whereas the net periodic pension cost within non-GAAP net income includes \$659 million of expected long-term return on pension assets of defined benefit plans subject to interim remeasurement.

Reconciliations of net income to adjusted EBIT are as follows:

(in millions)	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Net income (loss)	\$ 736	\$ (146)
Income tax expense	405	800
Interest income	(65)	(98)
Interest expense	204	361
EBIT	1,280	917
Restructuring costs	318	551
Transaction, separation and integration-related costs	26	358
Amortization of acquired intangible assets	434	530
Gains on dispositions	(341)	(2,004)
Pension and OPEB actuarial and settlement (gains) and losses	(684)	519
Debt extinguishment costs	311	41
Impairment losses	31	190
Adjusted EBIT	\$ 1,375	\$ 1,102

Liquidity and Capital Resources

Cash and Cash Equivalents and Cash Flows

As of March 31, 2022, our cash and cash equivalents ("cash") was \$2.7 billion, of which \$1.3 billion was held outside of the U.S. We maintain various multi-currency, multi-entity, cross-border, physical and notional cash and pool arrangements with various counterparties to manage liquidity efficiently that enable participating subsidiaries to draw on the Company's pooled resources to meet liquidity needs.

A significant portion of the cash held by our foreign subsidiaries is not expected to be impacted by U.S. federal income tax upon repatriation. However, a portion of this cash may still be subject to foreign and U.S. state income tax consequences upon future remittance. Therefore, if additional funds held outside the U.S. are needed for our operations in the U.S., we plan to repatriate these funds not designated as indefinitely reinvested.

We have \$0.2 billion in cash held by foreign subsidiaries used for local operations that is subject to country-specific limitations which may restrict or result in increased costs in the repatriation of these funds. In addition, other practical considerations may limit our use of consolidated cash, including cash of \$0.6 billion held in a German financial services subsidiary subject to regulatory requirements, and \$0.2 billion held by majority owned consolidated subsidiaries where third-parties or public shareholders hold minority interests. During the third quarter of fiscal 2022, we entered into an agreement to sell our German financial services subsidiary.

The following table summarizes our cash flow activity:

(in millions)	Fiscal Year Ended	
	March 31, 2022	March 31, 2021
Net cash provided by (used in):		
Operating activities	\$ 1,501	\$ 124
Investing activities	(60)	4,665
Financing activities	(1,818)	(5,476)
Effect of exchange rate changes on cash and cash equivalents	29	39
Cash classified within current assets held for sale	52	(63)
Net decrease in cash and cash equivalents	(296)	(711)
Cash and cash equivalents at beginning of year	2,968	3,679
Cash and cash equivalents at end of year	<u>\$ 2,672</u>	<u>\$ 2,968</u>

Operating cash flow

Net cash provided by operating activities during fiscal 2022 was \$1,501 million as compared to \$124 million during fiscal 2021. The increase of \$1,377 million was primarily due to an increase in net income, net of adjustments of \$1,578 million, partially offset by a \$201 million unfavorable change in working capital due to higher working capital outflows during fiscal 2022.

The following table contains certain key working capital metrics:

	As of		
	March 31, 2022	March 31, 2021	March 31, 2020
Days of sales outstanding in accounts receivable	69	66	65
Days of purchases outstanding in accounts payable	(45)	(40)	(66)
Cash conversion cycle	<u>24</u>	<u>26</u>	<u>(1)</u>

Investing cash flow

Net cash (used in) provided by investing activities was \$(60) million during fiscal 2022 as compared to \$4,665 million during fiscal 2021. The decrease of \$4,725 million was primarily due to a decrease in business dispositions of \$4,414 million, the absence of proceeds from acquisitions and cash collections related to deferred purchase price receivables of \$184 million and \$159 million in fiscal 2021, and a decrease in proceeds from sale of assets of \$64 million. This was partially offset by proceeds from short-term investing of \$24 million in fiscal 2022.

Financing cash flow

Net cash used in financing activities during fiscal 2022 was \$(1,818) million as compared to \$(5,476) million during fiscal 2021. The \$3,658 million decrease in cash used was primarily due to decreased net repayments on long-term debt of \$2,624 million and net draws on commercial paper of \$529 million. In addition, net repayments totaling \$1,500 million were made during fiscal 2021 on lines of credit that were not drawn against during fiscal 2022 and dividends of \$53 million were paid in fiscal 2021, but not paid during fiscal 2022. This was partially offset by share repurchases of \$628 million in fiscal 2022, an increase in payments for debt extinguishment costs of \$303 million, an increase in payments on capital leases and borrowings for asset financing of \$60 million, and an increase in payments for other financing activities, net, of \$58 million, primarily due to an \$85 million repayment of liability resulting from a financing transaction entered in fiscal 2017.

Debt Financing

The following table summarizes our total debt:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Short-term debt and current maturities of long-term debt	\$ 900	\$ 1,167
Long-term debt, net of current maturities	4,065	4,345
Total debt	<u>\$ 4,965</u>	<u>\$ 5,512</u>

The \$0.5 billion decrease in total debt during fiscal 2022 was primarily attributed to the retirement of all the remaining \$319 million of the 4.45% senior notes due fiscal 2023 using the proceeds from the sale of our HPS Business, and the repurchase of the \$33 million of the 4.125% senior notes due fiscal 2026. More than \$550 million of net finance lease liabilities and borrowings for assets acquired under long-term financing were also repaid using the proceeds from the divestitures of other businesses and existing cash on hand. The decrease was partially offset by the issuance of Euro and U.S. Dollar Senior Notes of which proceeds were used to repay term loans and senior notes as discussed below.

Euro Senior Notes Issuance

During the second quarter of fiscal 2022, we issued (i) €750 million aggregate principal amount of our 0.450% senior notes due fiscal 2028 and (ii) €600 million aggregate principal amount of our 0.950% senior notes due fiscal 2032 (collectively, the "Euro Notes"). The proceeds from the Euro Notes were applied principally to the repayment in full of the €400 million aggregate principal amount of outstanding borrowings under our Euro-denominated term loan facility, the repayment of our U.S. dollar-denominated 4.25% senior notes due fiscal 2025 and the repayment of our Sterling-denominated 2.75% senior notes due fiscal 2025.

U.S. Dollar Senior Notes Issuance

During the second quarter of fiscal 2022, we issued (i) \$700 million aggregate principal amount of our 1.80% senior notes due fiscal 2027, and (ii) \$650 million aggregate principal amount of our 2.375% senior notes due fiscal 2029 (collectively, the "USD Notes"). The proceeds from the USD Notes were used for the repayment of our remaining 4.125% senior notes due fiscal 2026, our 4.75% senior notes due fiscal 2028 and our 7.45% senior notes due fiscal 2030.

We were in compliance with all financial covenants associated with our borrowings as of March 31, 2022 and March 31, 2021.

As of March 31, 2022, our credit ratings were as follows:

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

For information on the risks of ratings downgrades, see Part I, Item 1A - Risk Factors subsection titled, "Failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs, could adversely affect our liquidity, capital position, borrowing cost, and access to capital markets."

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 using 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 raise capital through debt financing, including the issuance of capital market debt instruments such as commercial paper and bonds. In addition, we currently utilize and will further utilize accounts receivable sales facilities, and our cross-currency cash pool for liquidity needs. There is no guarantee that we will be able to obtain debt financing, if required, on terms and conditions acceptable to us, if at all, in the future.

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

The following table summarizes our total liquidity:

(in millions)	As of March 31, 2022
Cash and cash equivalents	\$ 2,672
Available borrowings under our revolving credit facility	3,000
Total liquidity	<u>\$ 5,672</u>

During November 2021 we amended our revolving credit facility to, among other things, decrease available borrowings from \$4.0 billion to \$3.0 billion.

Share Repurchases

During fiscal 2018, our Board of Directors authorized the repurchase of up to \$2.0 billion of our common stock and during fiscal 2019, our Board of Directors approved an incremental \$2.0 billion share repurchase. On February 2, 2022, we announced our intention to repurchase incrementally up to \$1.0 billion of our outstanding shares of common stock in the open market. This program became effective on April 3, 2017 with no end date established. During fiscal 2022, we repurchased 18,818,934 shares of our common stock at an aggregate cost of \$634 million. See Note 16 - "Stockholders' Equity" for more information.

Dividends

To maintain our financial flexibility we continued to suspend payment of quarterly dividends for fiscal 2022.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to arrangements that include guarantees, the receivables sales facility and certain other financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. We also use performance letters of credit to support various risk management insurance policies. No liabilities related to these arrangements are reflected in the Company's balance sheets. See Note 6 - "Receivables" and Note 23 - "Commitments and Contingencies" for additional information regarding these off-balance sheet arrangements.

Contractual Obligations

Our contractual obligations as of March 31, 2022, were as follows:

(in millions)	Less than 1 year	2-3 years	4-5 years	More than 5 years	Total
Debt ⁽¹⁾	\$ 249	\$ 159	\$ 1,428	\$ 2,152	\$ 3,988
Finance lease liabilities ⁽²⁾	300	303	69	—	672
Operating Leases ⁽²⁾	415	533	203	155	1,306
Purchase Obligations ⁽³⁾	828	642	253	—	1,723
U.S. Tax Reform - Transition Tax ⁽⁴⁾	23	99	71	—	193
Interest and preferred dividend payments ⁽⁵⁾	62	104	83	59	308
Total ⁽⁶⁾	\$ 1,877	\$ 1,840	\$ 2,107	\$ 2,366	\$ 8,190

⁽¹⁾ Amounts represent scheduled principal payments of long-term debt and mandatory redemption of preferred stock of a consolidated subsidiary.

⁽²⁾ Amounts represent expected undiscounted cash payments. See Note 7 - "Leases" for more information.

⁽³⁾ Includes long-term purchase agreements with certain software, hardware, telecommunication and other service providers and excludes agreements that are cancellable 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. See Note 23 - "Commitments and Contingencies" for more information.

⁽⁴⁾ The transition tax resulted in recording a total transition tax obligation of \$276 million, of which \$284 million was recorded as income tax liability and \$8 million recorded as a reduction in our unrecognized tax benefits, which has been omitted from this table. The 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. We have made our first four payments. See Note 13 - "Income Taxes" for additional information about the transition tax and the estimated liability related to unrecognized tax benefits

⁽⁵⁾ 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.

⁽⁶⁾ See Note 13 - "Income Taxes" for additional information about the estimated liability related to unrecognized tax benefits, which has been omitted from this table. See Note 15 - "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 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 may require significant estimates, including contracts which include multiple performance obligations.

Contracts with multiple performance obligations

Many of our contracts require us to provide a range of services or performance obligations to our customers, which may include a combination of services, products or both and may also contain leases embedded in those arrangements. As a result, significant judgment may be required to determine the appropriate accounting, including whether the elements specified in contracts with multiple performance obligations should be treated as separate performance obligations for revenue recognition purposes, and, when considered appropriate, how the total transaction price should be allocated among the performance obligations and any lease components and the timing of revenue recognition for each. For contracts with multiple performance obligations and lease components, we allocate the contract's transaction price to each performance obligation and lease component based on the relative standalone selling price of each distinct good or service in the contract. Other than software sales involving multiple performance obligations, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which we forecast our expected costs of satisfying a performance obligation and then add an appropriate margin for that distinct good or service. Certain of our contracts involve the sale of DXC proprietary software, post-contract customer support and other software-related services. The standalone selling price generally is determined for each performance obligation using an adjusted market assessment approach based on the price charged where each deliverable is sold separately. In certain limited cases (typically for software licenses) when the historical selling price is highly variable, the residual approach is used. This approach allocates revenue to the performance obligation equal to the difference between the total transaction price and the observable standalone selling prices for the other performance obligations. These methods involve significant judgments and estimates that we assess periodically by considering market and entity-specific factors, such as type of customer, features of the products or services and market conditions.

Once the total revenues have been allocated to the various performance obligations and lease components, revenues for each are recognized based on the relevant revenue recognition method for each. 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.

Contract modifications

A contract modification is a legally binding change to the scope, price, or both of an existing contract. Contract modifications are reviewed to determine whether they should be accounted for as part of the original contract, the termination of an existing contract and the creation of a new contract, or as a separate contract, and whether they modify an embedded lease. This determination requires significant judgment, which could impact the timing of revenue recognition.

Costs to obtain contracts with customers

Accounting for the costs to obtain contracts with customers requires significant judgments and estimates with regards to the determination of sales commission payments that qualify for deferral of costs and the related amortization period. Most of our sales commission plans are quota-based and payments are made by achieving targets related to a large number of new and renewed contracts. Certain sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. We defer and amortize these costs on a straight-line basis over an average period of benefit of five years, which is determined and regularly assessed by considering the length of our customer contracts, our technology and other factors. Significant changes in these estimates or impairment may result if material contracts terminate earlier than the expected benefit period, or if there are material changes in the average contract period.

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 any corresponding adjustment of valuation allowances. In addition, our tax returns are routinely audited, and settlements of issues raised in these audits sometimes affect our tax provisions.

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 with certainty what our ETR will be in the future because there is uncertainty regarding these factors. Future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

The majority of our global unremitted foreign earnings have been taxed in the U.S. or would be exempt from U.S. tax upon repatriation. Such earnings and all current foreign earnings are not indefinitely reinvested. The following foreign earnings are considered indefinitely reinvested: approximately \$495 million that could be subject to U.S. federal tax when repatriated to the U.S. under section 1.245A-5(b) of the final Treasury regulations; and our accumulated earnings in India as of March 31, 2021. A portion of these indefinitely reinvested earnings may be subject to foreign and U.S. state tax consequences when remitted. The Company will continue to evaluate its position based on its strategic objectives and future cash needs.

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 results of financial operations. We recorded a valuation allowance against deferred tax assets of approximately \$2.1 billion as of March 31, 2022 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 such as when inputs or estimates used in determining valuation allowances significantly change or upon the receipt of new information.

We determine whether it is more likely than not a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in our financial statements. A tax position is measured as the portion of the tax benefit that is greater than 50% likely to be realized upon settlement with a taxing authority (that has full knowledge of all relevant information). We may be required to change our provision for income taxes when the ultimate treatment of certain items is challenged or agreed to by taxing authorities.

The Finance Act 2021 in the U.K. took effect after Royal Assent was received in June 2021. The Finance Act 2021 included increases in the corporation tax and diverted profits tax rates beginning on April 1, 2023, establishes a new temporary 130% super deduction for first year capital allowances and temporarily extends the carry-back of trading losses. The increase in the U.K. corporate tax rate and super deduction have been factored into the calculation of our income tax provision.

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 observable inputs are 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:

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Discount rates	2.0 %	2.4 %
Expected long-term rates of return on assets	4.4 %	5.6 %

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 2022:

(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%	\$ (66)	\$ 63
Expected long-term return on plan assets	(0.5)%	\$ 66	\$ (63)
Discount rate	0.5%	\$ 35	\$ (838)
Discount rate	(0.5)%	\$ (41)	\$ 1,029

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 identification of reporting units involves consideration of components of the operating segments and whether or not there is discrete financial information available that is regularly reviewed by management. Additionally, we consider whether or not it is reasonable to aggregate any of the identified components that have similar economic characteristics. 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 performance-metric 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 2022 due primarily to the volatility of the Euro, British Pound, Canadian Dollar, and Australian Dollar in relation to the U.S. dollar. Significant foreign currency fluctuations during fiscal 2021 was due primarily to the volatility of the Australian dollar, British Pound and Euro 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 expense (income), 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 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 21 - "Revenue." During fiscal 2022, approximately 71% of our revenues were generated outside of the United States. For the year ended March 31, 2022, a hypothetical 10% increase (decrease) in the value of the U.S. dollar against all currencies would have decreased (increased) revenues by approximately 7.1%, or \$1.1 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, 2022, we had outstanding debt with varying maturities for an aggregate carrying amount of \$5.0 billion, of which \$0.4 billion was floating interest rate debt. As of March 31, 2022, 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 balance sheet 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 (PCAOB ID No.34)	60
Consolidated Balance Sheets as of March 31, 2022 and March 31, 2021	62
Consolidated Statements of Operations for the Fiscal Years Ended March 31, 2022, March 31, 2021 and March 31, 2020	63
Consolidated Statements of Comprehensive Income (Loss) for the Fiscal Years Ended March 31, 2022, March 31, 2021 and March 31, 2020	64
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2022, March 31, 2021 and March 31, 2020	65
Consolidated Statements of Changes in Equity for the Fiscal Years Ended March 31, 2022, March 31, 2021 and March 31, 2020	67
Notes to Consolidated Financial Statements	
Note 1–Summary of Significant Accounting Policies	68
Note 2–Acquisitions	79
Note 3–Divestitures	81
Note 4–Assets Held For Sale	83
Note 5–Earnings (Loss) Per Share	85
Note 6–Receivables	86
Note 7–Leases	87
Note 8–Fair Value	90
Note 9–Derivative Instruments	91
Note 10–Property and Equipment	94
Note 11–Intangible Assets	95
Note 12–Goodwill	96
Note 13–Income Taxes	97
Note 14–Debt	105
Note 15–Pension and Other Benefit Plans	107
Note 16–Stockholders' Equity	114
Note 17–Stock Incentive Plans	116
Note 18–Cash Flows	120
Note 19–Other Expense (Income)	120
Note 20–Segment and Geographic Information	121
Note 21–Revenue	124
Note 22–Restructuring Costs	125
Note 23–Commitments and Contingencies	129

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
DXC Technology Company
Ashburn, Virginia

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DXC Technology Company and subsidiaries (the "Company") as of March 31, 2022 and 2021, 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, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2022, 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, 2022, 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 25, 2022, 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 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Refer to Notes 1 and 21 to the financial statements

Critical Audit Matter Description

Certain of the Company's contracts with customers involve multiple performance obligations and may contain embedded leases, which are assessed for classification and are typically recognized either as sales type leases or as operating leases. When the Company enters into such arrangements, the contract's transaction price is allocated to the contract performance obligations and the lease component based upon the relative standalone selling price. These conclusions could impact the timing of revenue recognition.

Additionally, the Company's contracts with customers may be modified over the course of the contract term which may change the scope, price, or both, of the existing contract. Contract modifications are reviewed to determine whether they should be accounted for as part of the original contract, the termination of an existing contract and the creation of a new contract, or as a separate contract. If the contract modification is part of the existing contract, a cumulative adjustment to revenue is recorded. If the contract modification represents the termination of the existing contract and the creation of a new contract, the modified transaction price is allocated to the prospective performance obligations and any embedded lease components. If a contract modification modifies an embedded lease component and the modification is not accounted for as a separate contract, the classification of the lease is reassessed.

Given these factors related to complex new contracts with customers and modifications of such contracts in the current fiscal year, the related audit effort in evaluating complex revenue arrangements was significant and required a high degree of auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's revenue recognition for complex new and modified revenue arrangements included the following:

- We tested the effectiveness of internal controls related to the review of revenue recognition conclusions for new and modified contracts.
- We analyzed the population of material revenue arrangements that were new or modified during the year and performed the following procedures on the arrangements that were determined to be complex:
 - Obtained and read the customer contract and evaluated management's identification of performance obligations and embedded lease components, if applicable.
 - If applicable, evaluated management's conclusions regarding lease classification.
 - Evaluated management's determination of standalone selling price for the identified performance obligations and lease components.
 - Recalculated the transaction price and tested the allocation of transaction price to each performance obligation and lease component.
 - Evaluated the pattern of delivery and revenue recognition timing for each performance obligation and lease component.

/s/ Deloitte & Touche LLP

McLean, Virginia
May 25, 2022

We have served as the Company's auditor since at least 1965; however, an earlier year could not be reliably determined.

**DXC TECHNOLOGY COMPANY
CONSOLIDATED BALANCE SHEETS**

(in millions, except per share and share amounts)	As of	
	March 31, 2022	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,672	\$ 2,968
Receivables and contract assets, net of allowance for doubtful accounts of \$55 and \$91	3,854	4,156
Prepaid expenses	617	567
Other current assets	268	357
Assets held for sale	35	160
Total current assets	7,446	8,208
Intangible assets, net of accumulated amortization of \$5,124 and \$4,422	3,378	4,043
Operating right-of-use assets, net	1,133	1,366
Goodwill	617	641
Deferred income taxes, net	221	289
Property and equipment, net of accumulated depreciation of \$3,998 and \$4,121	2,412	2,946
Other assets	4,850	4,192
Assets held for sale - non-current	82	353
Total Assets	\$ 20,139	\$ 22,038
LIABILITIES and EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	\$ 900	\$ 1,167
Accounts payable	840	914
Accrued payroll and related costs	570	698
Current operating lease liabilities	388	418
Accrued expenses and other current liabilities	2,882	3,358
Deferred revenue and advance contract payments	1,053	1,079
Income taxes payable	197	398
Liabilities related to assets held for sale	23	118
Total current liabilities	6,853	8,150
Long-term debt, net of current maturities	4,065	4,345
Non-current deferred revenue	862	622
Non-current operating lease liabilities	815	1,038
Non-current pension obligations	590	793
Non-current income tax liabilities and deferred tax liabilities	994	854
Other long-term liabilities	546	908
Liabilities related to assets held for sale - non-current	39	20
Total Liabilities	14,764	16,730
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, 2022 and March 31, 2021	—	—
Common stock, par value \$0.01 per share; authorized 750,000,000 shares; issued 240,508,348 as of March 31, 2022 and 257,052,533 as of March 31, 2021	3	3
Additional paid-in capital	10,057	10,761
Accumulated deficit	(4,450)	(5,331)
Accumulated other comprehensive loss	(385)	(302)
Treasury stock, at cost, 2,878,079 and 2,458,027 shares as of March 31, 2022 and March 31, 2021	(173)	(158)
Total DXC stockholders' equity	5,052	4,973
Non-controlling interest in subsidiaries	323	335
Total Equity	5,375	5,308
Total Liabilities and Equity	\$ 20,139	\$ 22,038

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per-share amounts)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Revenues	\$ 16,265	\$ 17,729	\$ 19,577
Costs of services (excludes depreciation and amortization and restructuring costs)	12,683	14,086	14,901
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	1,408	2,066	2,050
Depreciation and amortization	1,717	1,970	1,942
Goodwill impairment losses	—	—	6,794
Restructuring costs	318	551	252
Interest expense	204	361	383
Interest income	(65)	(98)	(165)
Debt extinguishment costs	311	41	—
Gain on disposition of businesses	(371)	(2,004)	—
Gain on arbitration award	—	—	(632)
Other (income) expense, net	(1,081)	102	(720)
Total costs and expenses	15,124	17,075	24,805
Income (loss) before income taxes	1,141	654	(5,228)
Income tax expense	405	800	130
Net income (loss)	736	(146)	(5,358)
Less: net income attributable to non-controlling interest, net of tax	18	3	11
Net income (loss) attributable to DXC common stockholders	\$ 718	\$ (149)	\$ (5,369)
Income (loss) per common share:			
Basic	\$ 2.87	\$ (0.59)	\$ (20.76)
Diluted	\$ 2.81	\$ (0.59)	\$ (20.76)

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Net income (loss)	\$ 736	\$ (146)	\$ (5,358)
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments, net of tax ⁽¹⁾	(86)	300	(323)
Cash flow hedges adjustments, net of tax ⁽²⁾	11	19	(17)
Available-for-sale securities, net of tax ⁽³⁾	—	(9)	—
Pension and other post-retirement benefit plans, net of tax:			
Prior service cost, net of tax ⁽⁴⁾	9	7	—
Amortization of prior service cost, net of tax ⁽⁵⁾	(6)	(13)	(8)
Pension and other post-retirement benefit plans, net of tax	3	(6)	(8)
Other comprehensive income (loss), net of taxes	(72)	304	(348)
Comprehensive income (loss)	664	158	(5,706)
Less: comprehensive income attributable to non-controlling interest	29	6	22
Comprehensive income (loss) attributable to DXC common stockholders	\$ 635	\$ 152	\$ (5,728)

⁽¹⁾ Tax expense (benefit) related to foreign currency translation adjustments was \$5, \$(27), and \$(2) for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively.

⁽²⁾ Tax expense (benefit) related to cash flow hedge adjustments was \$2, \$6, and \$(5) for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively.

⁽³⁾ Tax benefit related to available-for-sale securities was \$0, \$1, and \$0 for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively.

⁽⁴⁾ Tax expense related to prior service costs was \$2, \$2, and \$0 for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively.

⁽⁵⁾ Tax benefit related to amortization of prior service costs was \$2, \$4, and \$1 for the fiscal years ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively.

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Cash flows from operating activities:			
Net income (loss)	\$ 736	\$ (146)	\$ (5,358)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,742	1,988	1,960
Goodwill impairment losses	—	—	6,794
Operating right-of-use expense	484	616	698
Pension & other post-employment benefits, actuarial & settlement (gains) losses	(684)	519	(244)
Share-based compensation	101	56	68
Deferred taxes	255	(403)	(56)
(Gain) loss on dispositions	(421)	(1,983)	1
Provision for losses on accounts receivable	5	53	3
Unrealized foreign currency exchange (gains) losses	(12)	(36)	24
Impairment losses and contract write-offs	51	275	30
Debt extinguishment costs	311	41	—
Amortization of debt issuance costs and discount (premium)	—	3	(4)
Cash surrender value in excess of premiums paid	(24)	(3)	(12)
Other non-cash charges, net	15	1	—
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Decrease in receivables	228	257	269
Increase in prepaid expenses and other current assets	(48)	(299)	(229)
Decrease in accounts payable and accruals	(714)	(527)	(565)
(Decrease) increase in income taxes payable and income tax liability	(315)	434	(197)
Decrease in operating lease liability	(484)	(616)	(698)
Increase (decrease) in advance contract payments and deferred revenue	270	(66)	(146)
Other operating activities, net	5	(40)	12
Net cash provided by operating activities	1,501	124	2,350
Cash flows from investing activities:			
Purchases of property and equipment	(254)	(261)	(350)
Payments for transition and transformation contract costs	(209)	(261)	(281)
Software purchased and developed	(295)	(254)	(235)
Proceeds (payments) for acquisitions, net of cash acquired	—	184	(1,997)
Business dispositions	533	4,947	—
Cash collections related to deferred purchase price receivable	—	159	671
Proceeds from sale of assets	100	164	73
Short-term investing	—	—	(75)
Proceeds from short-term investing	24	—	38
Other investing activities, net	41	(13)	19
Net cash (used in) provided by investing activities	(60)	4,665	(2,137)
Cash flows from financing activities:			
Borrowings of commercial paper	1,068	1,486	4,939
Repayments of commercial paper	(905)	(1,852)	(5,076)
Borrowings under lines of credit	—	2,500	1,500
Repayment of borrowings under lines of credit	—	(4,000)	—
Borrowings on long-term debt	19	—	2,198
Principal payments on long-term debt	(2,872)	(3,552)	(1,039)

Payments on finance leases and borrowings for asset financing	(990)	(930)	(865)
Proceeds from bond issuance	2,918	993	—
Proceeds from stock options and other common stock transactions	13	1	11
Taxes paid related to net share settlements of share-based compensation awards	(18)	(7)	(16)
Repurchase of common stock and advance payment for accelerated share repurchase	(628)	—	(736)
Dividend payments	—	(53)	(214)
Payments for debt extinguishment costs	(344)	(41)	—
Other financing activities, net	(79)	(21)	(45)
Net cash (used in) provided by financing activities	(1,818)	(5,476)	657
Effect of exchange rate changes on cash and cash equivalents	29	39	(90)
Net (decrease) increase in cash and cash equivalents including cash classified within current assets held for sale	(348)	(648)	780
Cash classified within current assets held for sale	52	(63)	—
Net (decrease) increase in cash and cash equivalents	(296)	(711)	780
Cash and cash equivalents at beginning of year	2,968	3,679	2,899
Cash and cash equivalents at end of year	\$ 2,672	\$ 2,968	\$ 3,679

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

DXC TECHNOLOGY COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock ⁽¹⁾	Total DXC Equity	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2019	270,214	\$ 3	\$ 11,301	\$ 478	\$ (244)	\$ (136)	\$ 11,402	\$ 323	\$ 11,725
Net loss				(5,369)			(5,369)	11	(5,358)
Other comprehensive loss					(359)		(359)	11	(348)
Share-based compensation expense			70				70		70
Acquisition of treasury stock						(16)	(16)		(16)
Share repurchase program	(15,934)		(669)	(67)			(736)		(736)
Stock option exercises and other common stock transactions	1,394		12				12		12
Dividends declared (\$0.84 per share)				(219)			(219)		(219)
Non-controlling interest distributions and other							—	(1)	(1)
Balance at March 31, 2020	255,674	\$ 3	\$ 10,714	\$ (5,177)	\$ (603)	\$ (152)	\$ 4,785	\$ 344	\$ 5,129

⁽¹⁾ 2,148,708 treasury shares as of March 31, 2020

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock ⁽¹⁾	Total DXC Equity	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2020	255,674	\$ 3	\$ 10,714	\$ (5,177)	\$ (603)	\$ (152)	\$ 4,785	\$ 344	\$ 5,129
Cumulative effect of adopting ASU 2016-13				(4)			(4)		(4)
Net loss				(149)			(149)	3	(146)
Other comprehensive income					301		301	3	304
Share-based compensation expense			46				46		46
Acquisition of treasury stock						(6)	(6)		(6)
Stock option exercises and other common stock transactions	1,379		1				1		1
Non-controlling interest distributions and other				(1)			(1)	(15)	(16)
Balance at March 31, 2021	257,053	\$ 3	\$ 10,761	\$ (5,331)	\$ (302)	\$ (158)	\$ 4,973	\$ 335	\$ 5,308

⁽¹⁾ 2,458,027 treasury shares as of March 31, 2021

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock ⁽¹⁾	Total DXC Equity	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2021	257,053	\$ 3	\$ 10,761	\$ (5,331)	\$ (302)	\$ (158)	\$ 4,973	\$ 335	\$ 5,308
Net income				718			718	18	736
Other comprehensive income					(83)	—	(83)	11	(72)
Share-based compensation expense			80				80		80
Acquisition of treasury stock						(15)	(15)		(15)
Share repurchase program	(18,819)		(796)	162			(634)		(634)
Stock option exercises and other common stock transactions	2,274		12				12		12
Non-controlling interest distributions and other				1			1	(41)	(40)
Balance at March 31, 2022	240,508	\$ 3	\$ 10,057	\$ (4,450)	\$ (385)	\$ (173)	\$ 5,052	\$ 323	\$ 5,375

⁽¹⁾ 2,878,079 treasury shares as of March 31, 2022

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") helps global companies run their mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. With decades of driving innovation, the world's largest companies trust DXC to deploy its Enterprise Technology Stack to deliver new levels of performance, competitiveness and customer experience.

FDB Sale

During the third quarter of fiscal 2022, a subsidiary of DXC entered into a purchase agreement to sell (the "FDB Sale") its German financial services subsidiary ("FDB" or the "FDB Business") to the FNZ Group ("FNZ") for €300 million (approximately \$335 million as of March 31, 2022), subject to certain adjustments. The closing of the transaction is subject to certain conditions, including receipt of certain regulatory consents. At March 31, 2022, FDB held approximately \$572 million in cash which primarily related to customer deposit liabilities.

HPS Sale

On April 1, 2021, DXC completed the sale of its healthcare provider software business ("HPS" or the "HPS Business") to Dedalus Holding S.p.A. ("Dedalus"). The sale was accomplished by the cash purchase of all equity interests and assets attributable to the HPS Business for €468 million (approximately \$551 million), subject to certain adjustments. See Note 3 - "Divestitures" for further information.

HHS Sale

On October 1, 2020, DXC completed the sale of its U.S. State and Local Health and Human Services business ("HHS" or the "HHS Business") to Veritas Capital Fund Management, L.L.C. ("Veritas Capital") to form Gainwell Technologies. The sale was accomplished by the cash purchase of all equity interests and assets attributable to the HHS Business together with future services to be provided by the Company for a total enterprise value of \$5.0 billion, subject to net working capital adjustments and assumed liabilities. See Note 3 - "Divestitures" for further information.

Luxoft Acquisition

On June 14, 2019, DXC completed its acquisition of Luxoft Holding, Inc. ("Luxoft"), a global digital strategy and software engineering firm (the "Luxoft Acquisition"). The acquisition builds on DXC's unique value proposition as an end-to-end, mainstream IT and digital services market leader and strengthens the Company's ability to design and deploy transformative digital solutions for customers at scale. See Note 2 - "Acquisitions" for further information.

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.

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. Certain amounts reported in the previous year have been reclassified to conform to the current year presentation.

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. The severity, magnitude and duration, as well as the economic consequences of the ongoing COVID-19 crisis, are uncertain, rapidly changing and difficult to predict. Therefore, accounting estimates and assumptions may change over time in response to the COVID-19 crisis and may change materially in future periods. 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 positions, 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.

Leases

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

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

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

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

DXC TECHNOLOGY COMPANY - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue Recognition

The Company's primary service offerings are information technology outsourcing, other professional services, or a combination thereof. Revenues are recognized when control of the promised goods or services is transferred to DXC's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

DXC determines revenue recognition through the five-step model as follows:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

DXC's IT outsourcing ("ITO") arrangements typically reflect a single performance obligation that comprises a series of distinct services which are substantially the same and provided over a period of time using the same measure of progress. Revenue derived from these arrangements is recognized over time based upon the level of services delivered in the distinct periods in which they are provided based on time increments. When other parties are involved in providing goods or services as part of our customer arrangements, DXC recognizes revenue on a gross basis as a principal when it controls goods or services before they are transferred to the customer. DXC's contracts often include upfront fees billed for activities to familiarize DXC with the customers' operations, take control over their administration and operation, and adapt them to DXC's solutions. Upfront fees are generally recognized ratably over the contract period, which approximates the manner in which the services are provided. These activities typically do not qualify as performance obligations, and the related revenues are allocated to the relevant performance obligations and recognized ratably over time as the performance obligation is satisfied during the period in which DXC provides the related service, which is typically the life of the contract. Software transactions that include multiple performance obligations are described below.

For contracts with multiple performance obligations, DXC allocates the contract's transaction price to each performance obligation based on the relative standalone selling price of each distinct good or service in the contract. Other than software sales involving multiple performance obligations, the primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Company forecasts its expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service.

DXC's ITO arrangements may also contain embedded leases for equipment used to fulfill services. A contract with a customer includes an embedded lease when DXC grants the customer a right to control the use of an identified asset for a period of time in exchange for consideration. Embedded leases with customers are typically recognized either as sales type leases in which revenue and cost of sales is recognized upon lease commencement; or they may be recognized as operating leases in which revenue is recognized over the usage period. Where a contract contains an embedded lease, the contract's transaction price is allocated to the contract performance obligations and the lease component based upon the relative standalone selling price.

The transaction price of a contract is determined based on fixed and variable consideration. Variable consideration related to the Company's ITO offerings often includes volume-based pricing that is allocated to the distinct days of the services to which the variable consideration pertains. However, in certain cases, estimates of variable consideration, including penalties, contingent milestone payments and rebates are necessary. The Company only includes estimates of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur. These judgments involve consideration of historical and expected experience with the customer and other similar customers, and the facts and circumstances specific to the arrangement.

DXC TECHNOLOGY COMPANY - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company generally provides its services under time and materials contracts, unit price contracts, fixed-price contracts, and software contracts for which revenue is recognized in the following manner:

Time and materials contracts. Revenue is recognized over time at agreed-upon billing rates when services are provided.

Unit-price contracts. Revenue is recognized over time 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 over time using a method that measures the extent of progress towards completion of a performance obligation, generally using a cost-input method (referred to as the percentage-of-completion cost-to-cost method). Under the percentage-of-completion cost-to-cost method, revenue is recognized based on the proportion of total cost incurred to estimated total costs at completion. A performance obligation's estimate at completion includes all direct costs such as materials, labor, subcontractor costs, overhead, and a ratable portion of general and administrative costs. If output or input measures are not available or cannot be reasonably estimated, revenue is deferred until progress can be measured and costs are not deferred unless they meet the criteria for capitalization. Under the percentage-of-completion cost-to-cost 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.

Software contracts. Certain of DXC's arrangements involve the sale of DXC proprietary software, post contract customer support, and other software-related services. The standalone selling price generally is determined for each performance obligation using an adjusted market assessment approach based on the price charged where each deliverable is sold separately. In certain limited cases (typically for software licenses) when the historical selling price is highly variable, the residual approach is used. This approach allocates revenue to the performance obligation equal to the difference between the total transaction price and the observable standalone selling prices for the other performance obligations. Revenue from distinct software licenses is recognized at a point in time when the customer can first use the software license. If significant customization is required, software revenue is recognized as the related software customization services are performed in accordance with the percentage-of-completion method described above. Revenue for post contract customer support and other software services is recognized over time as those services are provided.

Modifications. Contracts with our customers may be modified over the course of the contract term and may change the scope, price or both of the existing contract. Contract modifications are reviewed to determine whether they should be accounted for as part of the original contract, the termination of an existing contract and the creation of a new contract, or as a separate contract. Contract modifications are a separate contract when the modification provides additional goods and services that are distinct and the transaction price is at the standalone selling price. If the contract modification is part of the existing contract, a cumulative adjustment to revenue is recorded. If the contract modification represents the termination of the existing contract and the creation of a new contract, the modified transaction price is allocated to the prospective performance obligations and any embedded lease components. If a contract modification modifies an embedded lease component and the modification is not accounted for as a separate contract, the classification of the lease is reassessed.

Practical Expedients and Exemptions

DXC does not adjust the promised amount of consideration for the effects of a significant financing component when the period between when DXC transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. In addition, the Company reports revenue net of any revenue-based taxes assessed by a governmental authority that are imposed on and concurrent with specific revenue-producing transactions, such as sales taxes and value-added taxes.

Contract Balances

The timing of revenue recognition, billings and cash collections results in accounts receivable (billed receivables, unbilled receivables and contract assets) and deferred revenue and advance contract payments (contract liabilities) on the Company's balance sheets. In arrangements that contain an element of customized software solutions, amounts are generally billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g. monthly) or upon achievement of certain contractual milestones. Generally, billing occurs subsequent to revenue recognition, sometimes resulting in contract assets if the related billing is conditional upon more than just the passage of time. However, the Company sometimes receives advances or deposits from customers, before revenue is recognized, which results in the generation of contract liabilities. Payment terms vary by type of product or service being provided as well as by customer, although the term between invoicing and when payment is due is generally an insignificant period of time.

Costs to Obtain a Contract

Certain sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. The majority of sales commissions are paid based on the achievement of quota-based targets. These costs are deferred and amortized on a straight-line basis over an average period of benefit determined to be five years. The Company determined the period of benefit considering the length of its customer contracts, its technology, and other factors. The period of benefit approximates the average stated contract terms, excluding expected future renewals because sales commissions are paid upon contract renewal in a manner commensurate with the initial commissions. Some commission payments are not capitalized because they are expensed during the fiscal year as the related revenue is recognized. Capitalized sales commissions costs are classified within other assets and amortized in selling, general and administrative expenses.

Costs to Fulfill a Contract

Certain contract setup costs incurred upon initiation or renewal of an outsourcing contract that generate or enhance resources to be used in satisfying future performance obligations are capitalized when they are deemed recoverable. Judgment is applied to assess whether contract setup costs are capitalizable. Costs that generate or enhance resources often pertain to activities that enhance the capabilities of the services, improve customer experience, and establish a more effective and efficient IT environment. The Company recognizes these transition and transformation contract costs as other assets, which are amortized over the respective contract life.

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 generally includes 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 a Monte Carlo simulation model to compute the estimated fair value of PSUs with a market condition. This model includes assumptions regarding term, risk-free interest rates, expected volatility and dividend yields, which are evaluated each time the Company issues an award. The risk-free rate equals the yield, as of the Valuation Date on semi-annual zero-coupon U.S. Treasury rates. The dividend yield assumption is based on the respective fiscal year dividend payouts. Expected volatility is based on a historical approach, therefore the expected volatility assumption is based on the performance period of the award.

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. The Company has defined its reporting units as its reportable segments. A significant amount of judgment is involved in determining whether an event indicating impairment has occurred between annual testing dates. Such indicators include: a significant decline in the Company's stock price, a significant decline in expected future cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, the disposal of a significant component of a reporting unit and the testing for recoverability of a significant asset group within a reporting unit.

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

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

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

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

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 cost-to-cost 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 the passage of time, the 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, any known collectability issues, and certain forward-looking information.

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 (the "DPP") 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 its beneficial interests in securitization transactions, which is the DPP recorded in connection with the Company's Receivables Securitization Facility within investing activities in its statements of cash flows.

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. The estimated useful lives of DXC's property and equipment are as follows:

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

In accordance with its policy, the Company reviews the estimated useful lives of its property and equipment on an ongoing basis. As a result, effective fiscal year 2020, the Company changed its estimate of the useful lives of its computers and related equipment from an average of four to five years to an average of four to seven years, which better reflects the estimated periods during which these assets will remain in service. This change resulted in a \$225 million decrease to depreciation expense for the fiscal year ended March 31, 2020.

Intangible Assets

The Company's estimated useful lives for finite-lived intangibles are shown in the table below:

Software	2 to 10 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. 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 results of 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.

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 include 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 Company also has entered into certain net investment hedges. Changes in the fair value of net investment hedges are recorded in the currency translation adjustment section of other comprehensive income and subsequently reclassified into earnings in the period the hedged item affects earnings. The Company excludes forward points from the effectiveness assessment of its net investment hedges. Changes in fair value of the excluded component are 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 2022, 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
December 2019 ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes"	April 1, 2021 Multiple Methods	This update is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The transition method (retrospective, modified retrospective, or prospective basis) related to the amendments depends on the applicable guidance, and all amendments for which there is no transition guidance specified are applied on a prospective basis.	The Company determined that this standard had no material impact to its condensed consolidated financial statements following adoption.
July 2021 ASU 2021-05, "Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments"	Second quarter of fiscal 2022 Prospective	The amendments in this update modify lease classification requirements for lessors, providing that lease contracts with variable lease payments that do not depend on a reference index or a rate should be classified as operating leases if they would have been classified as a sales-type or direct financing lease and resulted in the recognition of a selling loss at lease commencement.	Upon adoption, on a prospective basis, customer leases with variable payments that would have resulted in an upfront loss when meeting sales type lease classification are classified as operating leases upon commencement or modification. Associated revenues, cost of services, or depreciation are subsequently recognized over their related lease terms or useful life. Before adopting this standard, leases with similar variable payments were classified as sales-type leases. These similar leases resulted in the recognition of upfront losses upon commencement or modification prior to the adoption, even when the overall economics of the lease arrangements were expected to be profitable.

New Accounting Pronouncements

Recently issued ASUs effective after March 31, 2022 are not expected to have a material effect on DXC's consolidated financial statements.

Note 2 - Acquisitions

Fiscal 2021 Acquisitions

AXA Bank Germany Acquisition

On January 1, 2021, DXC completed its acquisition of AXA Bank Germany ("AXA Bank"), a German retail bank, from AXA Group for the total consideration of \$101 million. In connection with its acquisition of AXA Bank, DXC received cash of \$294 million which includes customer deposit liabilities totaling \$197 million. DXC recorded goodwill associated with the acquisition of AXA Bank totaling \$2 million. The AXA bank has been consolidated within FDB and will be part of the FDB sale previously disclosed.

Fiscal 2020 Acquisitions

Luxoft Acquisition

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

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

The Company's allocation of the purchase price to the assets acquired and liabilities assumed as of the Luxoft acquisition date is as follows:

(in millions)	Fair Value
Cash and cash equivalents	\$ 113
Accounts receivable	233
Other current assets	15
Total current assets	361
Property and equipment	31
Intangible assets	577
Other assets	99
Total assets acquired	1,068
Accounts payable, accrued payroll, accrued expenses, and other current liabilities	(121)
Deferred revenue	(8)
Long-term deferred tax liabilities and income tax payable	(106)
Other liabilities	(72)
Total liabilities assumed	(307)
Net identifiable assets acquired	761
Goodwill	1,262
Total consideration transferred	\$ 2,023

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

The Company valued current assets and liabilities using existing carrying values as an estimate of the approximate fair value of those items at the acquisition date except for certain contract receivables for which the Company determined fair value based on a cost plus margin approach. The Company valued acquired property and equipment using predominately the direct capitalization method of the income approach and in certain specific cases, the Company determined that the net book value represents the fair value. The Company valued customer relationships using the multi-period excess earnings method under the income approach and valued trade names and developed technology using a relief from royalty method under the income approach. The Company determined that the net book value of the purchased software represents the fair value.

Below are the estimated useful lives of the acquired intangibles:

	Estimated Useful Lives (Years)
Customer related intangibles	10
Trade names	20
Developed technology	3
Third-party purchased software	3

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

Results of Operations

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

(in millions)	Twelve Months Ended March 31, 2020⁽¹⁾	
Revenues	\$	695
Net income (loss)	\$	(25)

⁽¹⁾ Results for the fiscal year ended March 31, 2020 reflect operations subsequent to the acquisition date of June 14, 2019, not the full twelve months of fiscal 2020.

Note 3 - Divestitures

Fiscal 2022 Divestitures

HPS Sale

On April 1, 2021, DXC completed the sale of its HPS Business to Dedalus for €468 million (approximately \$551 million), which includes €10 million (approximately \$12 million) related to future services to be provided by the Company. The sale proceeds were used to repay the remainder of two series of 4.45% senior notes due fiscal 2023 for \$154 million and \$165 million. The HPS Sale resulted in a pre-tax gain on sale of \$331 million, net of closing costs.

The following is a summary of the assets and liabilities distributed as part of the HPS Sale on April 1, 2021:

(in millions)	As of April 1, 2021
Assets:	
Cash and cash equivalents	\$ 34
Accounts receivable, net	63
Prepaid expenses	7
Total current assets	104
Intangible assets, net	101
Operating right-of-use assets, net	3
Goodwill	81
Deferred income taxes, net	74
Property and equipment, net	4
Other assets	15
Total non-current assets	278
Total assets	\$ 382
Liabilities:	
Accounts payable	\$ 4
Accrued payroll and related costs	7
Current operating lease liabilities	1
Accrued expenses and other current liabilities	20
Deferred revenue and advance contract payments	45
Total current liabilities	77
Non-current deferred revenue	10
Long-term operating lease liabilities	2
Other long-term liabilities	3
Total long-term liabilities	15
Total liabilities	\$ 92

During fiscal 2022, the Company sold some insignificant businesses that resulted in a gain of \$53 million. This was partially offset by \$13 million in sales price adjustments related to prior year dispositions, which resulted from changes in estimated net working capital.

Fiscal 2021 Divestitures

HHS Sale

On October 1, 2020, DXC completed the sale of its HHS Business to Veritas Capital. The sale was accomplished by the cash purchase of all equity interests and assets attributable to the HHS Business for a total enterprise value of \$5.0 billion (including \$85 million related to future services to be provided by the Company). As part of the sale of the HHS business, \$272 million of repurchased receivables, previously sold under the Milano Receivables Facility ("Milano Facility") (see Note 6 - "Receivables" to the financial statements), \$12 million of prepaid maintenance, and \$48 million of software licenses were transferred to the HHS Business. DXC made payment for these assets during the third quarter of fiscal 2021. The repurchase of receivables and payment on prepaid maintenance are reported as operating cash outflows, and the payment for software license is considered an investing cash outflow. The HHS Sale resulted in a pre-tax gain on sale of \$2,014 million, net of closing costs. The sale price is subject to adjustment based on changes in actual closing net working capital. Final potential working capital adjustments are pending. Approximately \$3.5 billion of the sale proceeds were used to prepay debt.

DXC's post-divestiture relationship with the HHS Business is governed by the Purchase Agreement, which provides for the allocation of assets, employees, liabilities and obligations (including property, employee benefits, litigation, and tax-related assets and liabilities) between DXC and the HHS Business attributable to periods prior to, at and after the divestment. In addition, DXC and the HHS Business have service and commercial contracts that generally extend through fiscal 2023.

The divestment of the HHS Business, reported as part of the GBS segment, did not meet the requirements for presentation as discontinued operations as it did not represent a strategic shift that would have a major effect on DXC's operations and financial results and was included in income from continuing operations prior to its divestment.

The following is a summary of the assets and liabilities distributed as part of the HHS Sale on October 1, 2020:

(in millions)	As of October 1, 2020
Assets:	
Cash and cash equivalents	\$ 8
Accounts receivable, net	295
Prepaid expenses	39
Other current assets	2
Total current assets	344
Intangible assets, net	1,308
Operating right-of-use assets, net	74
Goodwill	1,354
Property and equipment, net	46
Other assets	54
Total non-current assets	2,836
Total assets	\$ 3,180
Liabilities:	
Accounts payable	\$ 79
Accrued payroll and related costs	13
Current operating lease liabilities	27
Accrued expenses and other current liabilities	36
Deferred revenue and advance contract payments	20
Total current liabilities	175
Non-current deferred revenue	32
Long-term operating lease liabilities	48
Other long term liabilities	2
Total long-term liabilities	82
Total liabilities	\$ 257

During fiscal 2021, the Company sold some insignificant businesses that resulted in a loss of \$10 million.

Note 4 - Assets Held for Sale

Fiscal 2022

As of March 31, 2022, the Company had entered into definitive agreements to sell insignificant businesses, which are classified as held for sale.

Fiscal 2021

As of March 31, 2021, the disposition of the HPS Business met the requirements for presentation as assets held for sale under GAAP. In addition, as of March 31, 2021, the Company had entered into definitive agreements to sell insignificant businesses, which were also classified as held for sale.

Assets held for sale are reported at carrying value, which is less than fair value. Assets held for sale and related liabilities as of March 31, 2021 were as follows:

(in millions)	HPS Business	Other	Total
Assets:			
Cash and cash equivalents	\$ 28	\$ 35	\$ 63
Accounts receivable, net	64	17	81
Prepaid expenses	6	5	11
Other current assets	—	5	5
Total current assets held for sale	98	62	160
Intangible assets, net	101	16	117
Operating right-of-use assets, net	5	18	23
Goodwill	80	9	89
Deferred income taxes, net	43	—	43
Property and equipment, net	4	52	56
Other assets	16	9	25
Total non-current assets held for sale	249	104	353
Total assets held for sale	<u>\$ 347</u>	<u>\$ 166</u>	<u>\$ 513</u>
Liabilities:			
Accounts payable	\$ 4	\$ 8	\$ 12
Accrued payroll and related costs	7	2	9
Current operating lease liabilities	2	17	19
Accrued expenses and other current liabilities	13	13	26
Deferred revenue and advance contract payments	46	6	52
Total current liabilities related to assets held for sale	72	46	118
Non-current deferred revenue	10	—	10
Long-term operating lease liabilities	3	1	4
Income tax liabilities and deferred tax liabilities	1	—	1
Other long term liabilities	3	2	5
Total long-term liabilities related to assets held for sale	17	3	20
Total liabilities related to assets held for sale	<u>\$ 89</u>	<u>\$ 49</u>	<u>\$ 138</u>

Note 5 - 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. The following table reflects the calculation of basic and diluted EPS:

(in millions, except per-share amounts)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Net income (loss) attributable to DXC common shareholders:	\$ 718	\$ (149)	\$ (5,369)
Common share information:			
Weighted average common shares outstanding for basic EPS	250.02	254.14	258.57
Dilutive effect of stock options and equity awards	5.19	—	—
Weighted average common shares outstanding for diluted EPS	<u>255.21</u>	<u>254.14</u>	<u>258.57</u>
Earnings per Share:			
Basic	\$ 2.87	\$ (0.59)	\$ (20.76)
Diluted	\$ 2.81	\$ (0.59)	\$ (20.76)

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 following table reflects awards excluded:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021 ⁽¹⁾	March 31, 2020 ⁽¹⁾
Stock Options	510,933	1,596,985	1,075,901
RSUs	6,500	2,768,022	2,029,567
PSUs	37,821	1,463,872	289,972

⁽¹⁾ Due to the Company's net loss during fiscal 2021 and fiscal 2020, stock options, RSUs and PSUs were excluded from the computation of dilutive EPS because they would have had an anti-dilutive effect.

Note 6 - Receivables

Receivables, net of allowance for doubtful accounts consist of the following:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Billed trade receivables	\$ 1,755	\$ 2,009
Unbilled receivables	1,310	1,214
Other receivables	789	933
Total	<u>\$ 3,854</u>	<u>\$ 4,156</u>

The Company calculates expected credit losses for trade accounts receivable based on historical credit loss rates for each aging category as adjusted for the current market conditions and forecasts about future economic conditions. The following table presents the activity in allowances against trade accounts receivables:

(in millions)	As of and for Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Beginning balance	\$ 91	\$ 74
Impact of adoption of the Credit Loss Standard	—	4
Provisions for losses on accounts receivable	5	53
Other adjustments to allowance and write-offs	(41)	(40)
Ending balance	<u>\$ 55</u>	<u>\$ 91</u>

Receivables Facility

The Company has an accounts receivable sales facility (as amended, restated, supplemented or otherwise modified as of March 31, 2022, the "Receivables Facility") with certain unaffiliated financial institutions (the "Purchasers") for the sale of commercial accounts receivable in the United States. The Receivables Facility has a facility limit of \$400 million as of March 31, 2022. Under the Receivables Facility, certain of the Company subsidiaries (the "Sellers") sell accounts receivable to DXC Receivables LLC ("Receivables SPV"), a wholly owned bankruptcy-remote entity, in a true sale. Receivables SPV subsequently sells certain of the receivables in their entirety to the Purchasers pursuant to a receivables purchase agreement. The financial obligations of Receivables SPV to the Purchasers under the Receivables Facility are limited to the assets it owns and non-recourse to the Company. Sales of receivables by Receivables SPV occur continuously and are settled monthly.

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, 2022, the total availability under the Receivables Facility was \$400 million and the amount sold to the Purchasers was \$400 million, which was derecognized from the Company's balance sheet. The Receivables Facility is scheduled to terminate on July 29, 2022, but provides for one or more optional one-year extensions, if agreed to by the Purchasers. The Company uses the proceeds from Receivables SPV's sale of receivables under the Receivables Facility for general corporate purposes.

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

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

Milano Receivables Facility

On October 1, 2020, and in connection with the consummation of the sale of the HHS Business, and at the direction of the purchaser of the HHS Business, the Milano Facility was terminated. For more information, refer to Note 3 - "Divestitures."

German Receivables Facility

On October 1, 2019, the Company executed an accounts receivable securitization facility (the "DE Receivables Facility") with certain unaffiliated financial institutions (the "DE Purchasers") for the sale of commercial accounts receivable in Germany. On June 30, 2021, the Company terminated the agreement governing the DE Receivables Facility. In connection with the termination of the DE Receivables Facility, the Company repaid all outstanding obligations and fees thereunder.

Under the DE Receivables Facility, certain of the Company's subsidiaries organized in Germany (the "DE Sellers") sold accounts receivable to DXC AR Facility Designated Activity Company ("DE Receivables SPV"), a trust-owned bankruptcy-remote entity, in a true sale. DE Receivables SPV subsequently sold certain of the receivables in their entirety to the DE Purchasers pursuant to a receivables purchase agreement. Sales of receivables by DE Receivables SPV occurred continuously and were settled monthly. During the first quarter of fiscal 2021, DE Receivables SPV amended the DE Receivables Facility (the "Amendment"). Under the terms of the DE Receivables Facility, there was no longer any deferred purchase price ("DPP") for receivables as the entire purchase price is paid in cash when the receivables are sold to the DE Purchasers. Prior to the Amendment, DPPs were realized by DE Receivables SPV upon the ultimate collection of the underlying receivables sold to the DE Purchasers. Cash receipts on the DPPs were classified as cash flows from investing activities. The DPP balance was \$102 million before the Amendment was executed. Upon execution of the Amendment, the DE Purchasers extinguished the DPP balance and returned title to the applicable underlying receivables to DE Receivables SPV. The DPP extinguishment was classified as a non-cash investing activity. See Note 18 – "Cash Flows" for additional information.

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

(in millions)	Fiscal 2021
Beginning balance	\$ 103
Transfers of receivables	417
Collections	(420)
Change in funding availability	2
Facility amendments	(102)
Ending balance	<u>\$ —</u>

Note 7 - Leases

The Company has operating and finance leases for data centers, corporate offices and certain equipment. Our leases have remaining lease terms of one to 11 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within one to three years.

Operating Leases

The components of operating lease expense were as follows:

(in millions)	For the Fiscal Year Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Operating lease cost	\$ 484	\$ 616	\$ 698
Short-term lease cost	40	53	49
Variable lease cost	73	56	46
Sublease income	(32)	(40)	(45)
Total operating costs	\$ 565	\$ 685	\$ 748

Cash payments made for variable lease costs and short-term leases are not included in the measurement of operating lease liabilities, and as such, are excluded from the supplemental cash flow information stated below.

(in millions)	For the Fiscal Year Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Cash paid for amounts included in the measurement of operating lease liabilities – operating cash flows	\$ 484	\$ 616	\$ 698
ROU assets obtained in exchange for operating lease liabilities ⁽¹⁾	\$ 279	\$ 530	\$ 411

⁽¹⁾ There were \$1,085 million, \$763 million, and \$216 million in modifications and terminations in fiscal 2022, 2021, and 2020, respectively, and net of \$87 million change in lease classification from operating to finance lease in fiscal 2020. See Note 18 – “Cash Flows” for further information on non-cash activities affecting cash flows.

The following table presents operating lease balances:

(in millions)	Balance Sheet Line Item	As of	
		March 31, 2022	March 31, 2021
ROU operating lease assets	Operating right-of-use assets, net	\$ 1,133	\$ 1,366
Operating lease liabilities	Current operating lease liabilities	\$ 388	\$ 418
Operating lease liabilities	Non-current operating lease liabilities	815	1,038
Total operating lease liabilities		\$ 1,203	\$ 1,456

The weighted-average operating lease term was 4.4 years and 4.9 years as of March 31, 2022 and March 31, 2021, respectively. The weighted-average operating lease discount rate was 3.3% and 3.8% as of March 31, 2022 and March 31, 2021, respectively.

The following maturity analysis presents expected undiscounted cash payments for operating leases as of March 31, 2022:

(in millions)	Fiscal Year						Total
	2023	2024	2025	2026	2027	Thereafter	
Operating lease payments	\$ 415	\$ 308	\$ 225	\$ 133	\$ 70	\$ 155	\$ 1,306
Less: imputed interest							(103)
Total operating lease liabilities							\$ 1,203

Finance Leases

The components of finance lease expense were as follows:

(in millions)	For the Fiscal Year Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Finance lease cost:			
Amortization of right-of-use assets	\$ 346	\$ 433	\$ 405
Interest on lease liabilities	27	45	65
Total finance lease cost	\$ 373	\$ 478	\$ 470

The following table provides supplemental cash flow information related to the Company's finance leases:

(in millions)	For the Fiscal Year Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Interest paid for finance lease liabilities – Operating cash flows	\$ 27	\$ 45	\$ 65
Cash paid for amounts included in the measurement of finance lease obligations – financing cash flows	501	584	576
Total cash paid in the measurement of finance lease obligations	\$ 528	\$ 629	\$ 641
Capital expenditures through finance lease obligations ⁽¹⁾	\$ 233	\$ 348	\$ 605

⁽¹⁾ See Note 18 – “Cash Flows” for further information on non-cash activities affecting cash flows.

The following table presents finance lease balances:

(in millions)	Balance Sheet Line Item	As of	
		March 31, 2022	March 31, 2021
ROU finance lease assets	Property and Equipment, net	\$ 602	\$ 834
Finance lease	Short-term debt and current maturities of long-term debt	\$ 289	\$ 398
Finance lease	Long-term debt, net of current maturities	354	496
Total finance lease liabilities ⁽¹⁾		\$ 643	\$ 894

⁽¹⁾ See Note 14 – “Debt” for further information on finance lease liabilities.

The weighted-average finance lease term was 2.8 years and 2.6 years as of March 31, 2022 and March 31, 2021, respectively. The weighted-average finance lease discount rate was 2.9% and 3.6% as of March 31, 2022 and March 31, 2021, respectively.

The following maturity analysis presents expected undiscounted cash payments for finance leases as of March 31, 2022:

(in millions)	Fiscal Year						Total
	2023	2024	2025	2026	2027	Thereafter	
Finance lease payments	\$ 300	\$ 195	\$ 108	\$ 50	\$ 19	\$ —	\$ 672
Less: imputed interest							(29)
Total finance lease liabilities							<u>\$ 643</u>

Note 8 - Fair Value

Fair Value Measurements on a Recurring Basis

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis excluding pension assets and derivative assets and liabilities. See Note 15 - "Pension and Other Benefit Plans" and Note 9 - "Derivative Instruments" for information about these excluded assets and liabilities. There were no transfers between any of the levels during the periods presented.

(in millions)	Fair Value Hierarchy			
	As of March 31, 2022			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds and money market deposit accounts	\$ 5	\$ 5	\$ —	\$ —
Time deposits ⁽¹⁾	51	51	—	—
Other securities ⁽²⁾	51	—	49	2
Total assets	<u>\$ 107</u>	<u>\$ 56</u>	<u>\$ 49</u>	<u>\$ 2</u>
Liabilities:				
Contingent consideration	\$ 8	\$ —	\$ —	\$ 8
Total liabilities	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8</u>

(in millions)	As of March 31, 2021			
	Fair Value	Level 1	Level 2	Level 3
	Assets:			
Money market funds and money market deposit accounts	\$ 12	\$ 12	\$ —	\$ —
Time deposits ⁽¹⁾	78	78	—	—
Other securities ⁽²⁾	57	—	55	2
Total assets	<u>\$ 147</u>	<u>\$ 90</u>	<u>\$ 55</u>	<u>\$ 2</u>
Liabilities:				
Contingent consideration	\$ 27	\$ —	\$ —	\$ 27
Total Liabilities	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27</u>

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

⁽²⁾ Other securities include available-for-sale equity security investments with Level 2 inputs that have a cost basis of \$53 million and \$57 million, and losses of \$4 million and \$2 million, as of March 31, 2022 and March 31, 2021, respectively, included in other (income) expense, net in the Company's statements of operations. During the third quarter of fiscal 2021, previously held investments were sold and the proceeds were used to purchase new investments. The gain of \$17 million from the sale was included in other (income) expense, net.

The fair value of money market funds, money market deposit accounts, U.S. Treasury bills with less than three months maturity and time deposits, included in cash and cash equivalents, are based on quoted market prices. The fair value of other debt securities, included in other long-term assets, is based on actual market prices. The fair value of contingent consideration, included in other liabilities, is based on contractually defined targets of financial performance in connection with earn outs 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 approximate their market values due to their short-term nature. If measured at fair value, these financial instruments would be classified as Level 2 or Level 3 within 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 based on observable market inputs for instruments with similar terms currently available to the Company. The estimated fair value of the Company's long-term debt excluding finance lease liabilities was \$3.7 billion and \$4.7 billion as of March 31, 2022 and March 31, 2021, respectively as compared with the carrying value of \$4.0 billion and \$4.4 billion as of March 31, 2022 and March 31, 2021, respectively. If measured at fair value, long-term debt excluding finance lease liabilities would be classified as Level 1 or Level 2 within 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 as Level 3 within the fair value hierarchy. Other than the goodwill impairment losses discussed in Note 12 - "Goodwill," there were no significant impairments recorded during the fiscal periods covered by this report.

Note 9 - 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 contracts and interest rate swaps, to hedge certain foreign currency and interest rate exposures. The Company's objective is to reduce earnings volatility by offsetting gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them. The Company does not use derivative instruments for trading or any speculative purpose.

Derivatives Designated for Hedge Accounting

Cash flow hedges

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce foreign currency risk related to certain Indian Rupee, Euro and British Pound-denominated intercompany obligations and forecasted transactions. The notional amounts of foreign currency forward contracts designated as cash flow hedges as of March 31, 2022 and March 31, 2021 was \$727 million and \$546 million, respectively. As of March 31, 2022, the related forecasted transactions extend through March 2024.

For the fiscal years ended March 31, 2022 and March 31, 2021, the Company performed an assessment at the inception of the cash flow hedge transactions and determined all critical terms of the hedging instruments and hedged items matched. The Company performs an assessment of critical terms on an on-going basis throughout the hedging period. During the fiscal years ended March 31, 2022 and March 31, 2021, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur. As of March 31, 2022, \$14 million of the existing amount of gain related to the cash flow hedge reported in accumulated other comprehensive income is expected to be reclassified into earnings within the next 12 months.

Amounts recognized in other comprehensive income (loss) and income (loss) before income taxes

The pre-tax gain on derivatives designated for hedge accounting recognized in other comprehensive income (loss) was \$23 million and \$19 million during the fiscal year ended March 31, 2022 and March 31, 2021, respectively. The pre-tax gain (loss) on derivatives designated for hedge accounting recognized in income (loss) before income taxes was \$6 million and \$(5) million during the fiscal year ended March 31, 2022 and March 31, 2021, respectively.

Derivatives Not Designated For Hedge Accounting

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

Foreign currency forward contracts

The Company manages the exposure to fluctuations in foreign currencies by using foreign currency forward contracts to hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and forecasted transactions. The notional amount of the foreign currency forward contracts outstanding as of March 31, 2022 and March 31, 2021 was \$2.1 billion and \$2.1 billion, respectively.

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

(in millions)	Statement of Operations Line Item	Fiscal Years Ended		
		March 31, 2022	March 31, 2021	March 31, 2020
Foreign currency forward contracts	Other (income) expense, net	\$ 52	\$ 51	\$ (37)

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, 2022	March 31, 2021
<i>Derivatives designated for hedge accounting:</i>			
Foreign currency forward contracts	Other current assets	\$ 18	\$ 9
<i>Derivatives not designated for hedge accounting:</i>			
Foreign currency forward contracts	Other current assets	\$ 9	\$ 3

		Derivative Liabilities	
		As of	
(in millions)	Balance Sheet Line Item	March 31, 2022	March 31, 2021
<i>Derivatives designated for hedge accounting:</i>			
Foreign currency forward contracts	Accrued expenses and other current liabilities	\$ —	\$ 5
<i>Derivatives not designated for hedge accounting:</i>			
Foreign currency forward contracts	Accrued expenses and other current liabilities	\$ 15	\$ 3

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

Other Risks for Derivative Instruments

The Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. With respect to its foreign currency derivatives, as of March 31, 2022, there were twelve counterparties with concentration of credit risk, and based on gross fair value, the maximum amount of loss that the Company could incur is \$16 million.

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

Non-Derivative Financial Instruments Designated for Hedge Accounting

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

Net Investment Hedges

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

As of March 31, 2022, DXC had \$0.3 billion of foreign currency-denominated debt designated as hedges of net investments in non-U.S. subsidiaries. For the fiscal year ended March 31, 2022, the pre-tax impact of gain on foreign currency-denominated debt designated for hedge accounting recognized in other comprehensive income (loss) was \$17 million. As of March 31, 2021, DXC had \$0.8 billion of foreign currency-denominated debt designated as hedges of net investments in non-U.S. subsidiaries.

Note 10 - Property and Equipment

Property and equipment consisted of the following:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Property and equipment — gross:		
Land, buildings and leasehold improvements	\$ 2,089	\$ 2,228
Computers and related equipment	4,117	4,596
Furniture and other equipment	203	227
Construction in progress	1	16
	<u>6,410</u>	<u>7,067</u>
Less: accumulated depreciation	3,998	4,121
Property and equipment, net	<u>\$ 2,412</u>	<u>\$ 2,946</u>

Depreciation expense for fiscal 2022, 2021 and 2020 was \$625 million, \$754 million and \$643 million, respectively.

Note 11 - Intangible Assets

Intangible assets consisted of the following:

(in millions)	As of March 31, 2022		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 4,063	\$ 3,039	\$ 1,024
Customer related intangible assets	4,148	1,995	2,153
Other intangible assets	291	90	201
Total intangible assets	<u>\$ 8,502</u>	<u>\$ 5,124</u>	<u>\$ 3,378</u>

(in millions)	As of March 31, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 4,014	\$ 2,733	\$ 1,281
Customer related intangible assets	4,212	1,641	2,571
Other intangible assets	239	48	191
Total intangible assets	<u>\$ 8,465</u>	<u>\$ 4,422</u>	<u>\$ 4,043</u>

The components of amortization expense were as follows:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Intangible asset amortization	\$ 865	\$ 952	\$ 1,019
Transition and transformation contract cost amortization ⁽¹⁾	227	264	280
Total amortization expense	<u>\$ 1,092</u>	<u>\$ 1,216</u>	<u>\$ 1,299</u>

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

Estimated future amortization as of March 31, 2022 is as follows:

Fiscal Year	(in millions)
2023	\$ 780
2024	\$ 684
2025	\$ 592
2026	\$ 522
2027	\$ 395
Thereafter	\$ 405

Note 12 - Goodwill

The following tables summarize the changes in the carrying amounts of goodwill, by segment, for the fiscal years ended March 31, 2022 and March 31, 2021, respectively:

(in millions)	GBS	GIS	Total
Balance as of March 31, 2021, net	\$ 641	\$ —	\$ 641
Divestitures	(2)	—	(2)
Assets held for sale	(6)	—	(6)
Foreign currency translation	(16)	—	(16)
Balance as of March 31, 2022, net	\$ 617	\$ —	\$ 617
Goodwill, gross	5,107	5,066	10,173
Accumulated impairment losses	(4,490)	(5,066)	(9,556)
Balance as of March 31, 2022, net	\$ 617	\$ —	\$ 617
(in millions)	GBS	GIS	Total
Balance as of March 31, 2020, net	\$ 2,017	\$ —	\$ 2,017
Acquisition related adjustments	15	—	15
Divestitures	(1,355)	—	(1,355)
Assets held for sale	(90)	—	(90)
Foreign currency translation	54	—	54
Balance as of March 31, 2021, net	\$ 641	\$ —	\$ 641
Goodwill, gross	5,131	5,066	10,197
Accumulated impairment losses	(4,490)	(5,066)	(9,556)
Balance as of March 31, 2021, net	\$ 641	\$ —	\$ 641

The fiscal 2021 additions to goodwill were related to acquisitions described in Note 2 - "Acquisitions" and assets held for sale are described in Note 4 - "Assets Held for Sale." The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

Fiscal 2022

The Company's annual goodwill impairment analysis, which was performed qualitatively as of July 1, 2021, did not result in an impairment charge. At the end of the fiscal 2022, 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, 2022.

Fiscal 2021

The Company's annual goodwill impairment analysis, which was performed qualitatively as of July 1, 2020, did not result in an impairment charge. At the end of the fiscal 2021, 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, 2021.

Fiscal 2020

The Company performed its annual goodwill impairment assessment as of July 1, 2019. Subsequent to the measurement date, the Company experienced a decline in its stock price and market capitalization that represented an indicator of impairment as the observed declines were substantial and sustained. As a result, the Company performed quantitative goodwill impairment tests during the second and fourth quarters of fiscal 2020. Both quantitative goodwill impairment tests were performed for all of DXC's reporting units, consistent with its policy described in Note 1 - "Summary of Significant Accounting Policies." As part of the reconciliation to the Company's market capitalization, the Company concluded on both instances that the carrying values of its reporting units exceeded their estimated fair values and recognized total non-cash impairment charges of \$6,794 million, consisting of \$3,789 million and \$3,005 million in its GBS and GIS segments, respectively. The goodwill impairment charges do not have an impact on the calculation of the Company's financial covenants under the Company's debt arrangements.

Note 13 - 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:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Domestic entities	\$ (566)	\$ 975	\$ (2,928)
Entities outside the United States	1,707	(321)	(2,300)
Total	\$ 1,141	\$ 654	\$ (5,228)

The income tax expense (benefit) on income (loss) from continuing operations is comprised of:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Current:			
Federal	\$ (118)	\$ 730	\$ 3
State	(17)	257	16
Foreign	285	216	167
	150	1,203	186
Deferred:			
Federal	9	(221)	(125)
State	(9)	(51)	17
Foreign	255	(131)	52
	255	(403)	(56)
Total income tax expense	\$ 405	\$ 800	\$ 130

The current federal (benefit) and tax expense for fiscal years 2022, 2021, and 2020 includes a \$(7) million, \$(4) million and \$(31) million transition tax benefit, respectively. The current expense (benefit) for fiscal years 2022, 2021 and 2020, includes interest and penalties of \$(3) million, \$2 million and \$2 million, respectively, for uncertain tax positions.

In connection with the HPES Merger, the Company entered into a tax matters agreement with HPE. HPE generally will be responsible for tax liabilities arising prior to the HPES Merger, and DXC is liable to HPE for income tax receivables it receives related to pre-HPES Merger periods. Pursuant to the tax matters agreement, the Company recorded a \$27 million tax indemnification receivable related to uncertain tax positions, \$72 million of tax indemnification receivable related to other tax payables and \$129 million of tax indemnification payable related to other tax receivables.

In connection with the spin-off of the Company's former U.S. public sector business (the "USPS Separation"), the Company entered into a tax matters agreement with Perspecta Inc. (including its successors and permitted assigns, "Perspecta"). The Company generally will be responsible for tax liabilities arising prior to the USPS Separation, and Perspecta is liable to the Company for income tax receivables related to pre-spin-off periods. Income tax liabilities transferred to Perspecta primarily relate to pre-HPES Merger periods, for which the Company is indemnified by HPE pursuant to the tax matters agreement between the Company and HPE. The Company remains liable to HPE for tax receivables transferred to Perspecta related to pre-HPES Merger periods. Pursuant to the tax matters agreement, the Company has recorded a tax indemnification receivable from Perspecta of \$72 million related to other tax payables and a tax indemnification payable to Perspecta of \$15 million related to income tax and other tax receivables.

In connection with the sale of HPS business, the Company entered into a tax matters agreement with Dedalus. Pursuant to the tax matters agreement, the Company generally will be responsible for tax liabilities arising prior to the sale of HPS business.

The major elements contributing to the difference between the U.S. federal statutory tax rate and the effective tax rate ("ETR") for continuing operations is below.

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Statutory rate	21.0 %	21.0 %	(21.0)%
State income tax, net of federal tax	(6.9)	10.8	(1.4)
Foreign tax rate differential	151.1	(198.4)	(11.9)
Goodwill impairment	—	—	28.3
Change in valuation allowances	(140.9)	239.3	12.1
Income Tax and Foreign Tax Credits	(15.2)	(48.7)	(2.6)
Arbitration Award	—	—	(3.6)
Change in uncertain tax positions	6.8	17.2	1.1
Withholding Taxes	6.2	10.3	0.9
U.S. Tax on Foreign Income	2.5	17.6	0.4
Excess tax benefits or expense for stock compensation	0.1	2.2	0.1
Capitalized transaction costs	0.2	0.5	0.1
Base Erosion and Transition Taxes	6.6	(0.7)	(0.7)
Impact of Business Divestitures	3.0	52.6	—
Granite Trust Capital Loss	—	(5.7)	—
Other items, net	1.0	4.3	0.7
Effective tax rate	<u>35.5 %</u>	<u>122.3 %</u>	<u>2.5 %</u>

In fiscal 2022, the ETR was primarily impacted by:

- Income Tax and Foreign Tax Credits, which decreased income tax expense and decreased the ETR by \$174 million and 15.2%, respectively.
- Changes in Luxembourg losses that increased the ETR by \$1,609 million and 141.0%, respectively, with an offsetting decrease in the ETR due to a decrease in the valuation allowance of the same amount.
- Adjustments to uncertain tax positions that increased the overall income tax expense and the ETR by \$78 million and 6.8%, respectively.

In fiscal 2021, the ETR was primarily impacted by:

- Impact of the HHS and other business divestitures, which increased tax expense and increased the ETR \$344 million and 52.6%, respectively. The HHS tax gain increased tax expense and the ETR as the tax basis of assets sold, primarily goodwill, was lower than the book basis.

- Continued losses in countries where we are recording a valuation allowance on certain deferred tax assets, primarily in Belgium, Denmark, Italy, France, Luxembourg, and U.S., and an impairment of the full German deferred tax asset, which increased income tax expense and increased the ETR by \$1,565 million and 239.3%, respectively.
- An increase in Income Tax and Foreign Tax Credits, which decreased income tax expense and decreased the ETR by \$319 million and 48.7%, respectively.
- Local losses on investments in Luxembourg that increased the foreign rate differential and decreased the ETR by \$1,226 million and 187.5%, respectively, with an offsetting increase in the ETR due to an increase in the valuation allowance of the same amount.
- The Company recognized adjustments to uncertain tax positions that increased the overall income tax expense and the ETR by \$112 million and 17.2%, respectively.

In fiscal 2020, the ETR was primarily impacted by:

- Non-deductible goodwill impairment charge, which increased tax expense and increased the ETR by \$1,482 million and 28.3%, respectively.
- Non-taxable gain on the arbitration award, which decreased income tax expense and decreased the ETR by \$186 million and 3.6%, respectively.
- A change in the net valuation allowance on certain deferred tax assets, primarily in Australia, Brazil, China, Luxembourg, and Singapore, which increased income tax expense and increased the ETR by \$631 million and 12.1%, respectively.
- An increase in Income Tax and Foreign Tax Credits, primarily relating to research and development credits recognized for prior years, which decreased income tax expense and decreased the ETR by \$135 million and 2.6%, respectively.
- Local losses on investments in Luxembourg that increased the foreign rate differential and decreased the ETR by \$637 million and 12.2%, respectively, with an offsetting increase in the ETR due to an increase in the valuation allowance of the same amount.

The deferred tax assets (liabilities) were as follows:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Deferred tax assets		
Investment basis differences	\$ —	\$ 32
Tax loss/credit carryforwards	2,360	4,039
Accrued interest	15	20
Operating lease liabilities	244	359
Contract accounting	132	92
Other assets	338	351
Total deferred tax assets	3,089	4,893
Valuation allowance	(2,133)	(3,860)
Net deferred tax assets	956	1,033
Deferred tax liabilities		
Depreciation and amortization	(430)	(513)
Operating right-of-use asset	(227)	(339)
Investment basis differences	(8)	—
Employee benefits	(426)	(6)
Other liabilities	(220)	(246)
Total deferred tax liabilities	(1,311)	(1,104)
Total net deferred tax assets (liabilities)	\$ (355)	\$ (71)

Income tax related assets are included in the accompanying balance sheets as follows:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Current:		
Income tax receivables and prepaid taxes	\$ 78	\$ 67
	\$ 78	\$ 67
Non-current:		
Income taxes receivable and prepaid taxes	\$ 130	\$ 136
Deferred tax assets	221	289
	\$ 351	\$ 425
Total	\$ 429	\$ 492

Income tax related liabilities are included in the accompanying balance sheet as follows:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Current:		
Liability for uncertain tax positions	\$ (34)	\$ (30)
Income taxes payable	(163)	(368)
	<u>\$ (197)</u>	<u>\$ (398)</u>
Non-current:		
Deferred taxes	(576)	(360)
Income taxes payable	(39)	(130)
Liability for uncertain tax positions	(379)	(364)
	<u>\$ (994)</u>	<u>\$ (854)</u>
Total	<u>\$ (1,191)</u>	<u>\$ (1,252)</u>

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. As of each reporting date, management weighs new evidence, both positive and negative, that could affect its view of the future realization of its net deferred tax assets. Objective verifiable evidence, which is historical in nature, carries more weight than subjective evidence, which is forward looking in nature.

A valuation allowance has been recorded against deferred tax assets of approximately \$2,133 million as of March 31, 2022 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. 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.

In the current reporting period, the Company recorded adjustments to Luxembourg losses and corresponding adjustments to the valuation allowance. The net decrease in the valuation allowance of \$1,729 million in fiscal 2022 is primarily due to changes in the Luxembourg losses of \$1,609 million, other increases in the valuation allowance of \$1 million and a currency translation adjustment of \$121 million.

The following table provides information on the Company's various tax carryforwards:

(in millions)	As of March 31, 2022				As of March 31, 2021				
	Total	With No Expiration	With Expiration	Expiration Dates Through	Total	With No Expiration	With Expiration	Expiration Dates Through	
Net operating loss carryforwards									
Federal	\$ 88	\$ 88	\$ —	N/A	\$ 132	\$ 128	\$ 4	2033	
State	\$ 589	\$ 243	\$ 346	2042	\$ 369	\$ 6	\$ 363	2041	
Foreign	\$ 9,368	\$ 5,635	\$ 3,733	2039	\$ 16,700	\$ 6,191	\$ 10,509	2041	
Tax credit carryforwards									
Federal	\$ 5	\$ —	\$ 5	2042	\$ 5	\$ —	\$ 5	2040	
State	\$ 5	\$ 2	\$ 3	2037	\$ —	\$ —	\$ —	N/A	
Foreign	\$ —	\$ —	\$ —	N/A	\$ —	\$ —	\$ —	N/A	
Capital loss carryforwards									
Federal	\$ 42	\$ —	\$ 42	2026	\$ —	\$ —	\$ —	N/A	
State	\$ —	\$ —	\$ —	N/A	\$ —	\$ —	\$ —	N/A	
Foreign	\$ 199	\$ 199	\$ —	N/A	\$ 45	\$ 45	\$ —	N/A	

The Company also has federal and state 163(j) interest deduction carryforward attributes of approximately \$239 million and \$667 million, respectively, that have no expiration.

The majority of our global unremitted foreign earnings have been taxed or would be exempt from U.S. tax upon repatriation. Such earnings and all current foreign earnings are not indefinitely reinvested. The following earnings are considered indefinitely reinvested: approximately \$495 million that could be subject to U.S. federal tax when repatriated to the U.S. under section 1.245A-5(b) of the final Treasury regulations; and our accumulated earnings in India as of March 31, 2021. A portion of these indefinitely reinvested earnings may be subject to foreign and U.S. state tax consequences when remitted. The Company will continue to evaluate its position in the future based on its future strategy and cash needs.

The Company accounts for income tax uncertainties in accordance with ASC 740 Income Taxes, 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:

(in millions)	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Tax	\$ 422	\$ 354
Interest	76	46
Penalties	20	22
Offset to receivable	(104)	(18)
Net of tax attributes	(1)	(10)
Total	<u>\$ 413</u>	<u>\$ 394</u>

The following table summarizes the activity related to the Company's uncertain tax positions (excluding interest and penalties and related tax attributes):

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Balance at beginning of fiscal year	\$ 354	\$ 253	\$ 165
Gross increases related to prior year tax positions	61	60	74
Gross decreases related to prior year tax positions	(16)	(30)	(9)
Gross increases related to current year tax positions	93	102	15
Settlements and statute of limitation expirations	(33)	(36)	(7)
Acquisitions and Dispositions	(36)	6	18
Foreign exchange and others	(1)	(1)	(3)
Balance at end of fiscal year	<u>\$ 422</u>	<u>\$ 354</u>	<u>\$ 253</u>

The Company's liability for uncertain tax positions at March 31, 2022, March 31, 2021 and March 31, 2020, includes \$393 million, \$316 million and \$210 million, respectively, related to amounts that, if recognized, would affect the effective tax rate (excluding related interest and penalties). The increase relating to the tax positions primarily relate to the Company's increase in foreign tax credits.

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, 2022, the Company had net decrease in interest expense of \$1 million (\$1 million net of tax) and net decrease in accrued expense for penalties of \$2 million, and as of March 31, 2022 recognized a liability for interest of \$76 million (\$60 million net of tax) and penalties of \$20 million. During the year ended March 31, 2021, the Company had a net increase in interest of \$1 million (\$1 million net of tax) and a net increase in accrued expense for penalties of \$1 million and as of March 31, 2021, recognized a liability for interest of \$46 million (\$39 million net of tax) and penalties of \$22 million. During the year ended March 31, 2020, the Company had a net increase in interest expense of \$5 million (\$3 million net of tax) and a net decrease in accrued expense for penalties of \$3 million and, as of March 31, 2020, recognized a liability for interest of \$45 million (\$40 million net of tax) and penalties of \$21 million.

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	2009 and forward
United States – Various States	2009 and forward
Australia	2012 and forward
Canada	2006 and forward
France	2016 and forward
Germany	2010 and forward
India	2001 and forward
U. K.	2018 and forward

Tax Examinations

The Internal Revenue Service (the "IRS") has examined, or is examining, the Company's federal income tax returns for fiscal 2008 through the tax year ended October 31, 2018. With respect to CSC's fiscal 2008 through 2017 federal tax returns, the Company participated in settlement negotiations with the IRS Office of Appeals. The IRS examined several issues for these tax years that resulted in various audit adjustments. The Company and the IRS Office of Appeals have an agreement in principle as to various audit adjustments, and we disagree with the IRS' disallowance of certain losses and deductions resulting from restructuring costs and tax planning strategies in previous years. As we believe we will ultimately prevail on the technical merits of the disagreed items and are challenging them in the IRS Office of Appeals or the U.S. Tax Court, these matters are not fully reserved and would result in a federal and state tax expense of approximately \$458 million (including estimated interest and penalties) for the unreserved portion of these items and related cash cost if we do not prevail. We have received notices of deficiency with respect to fiscal 2009, 2010, 2011 and 2013 and have timely filed petitions with the U.S. Tax Court. We do not expect the U.S. Tax Court matters to be resolved in the next 12 months.

The Company has agreed to extend the statute of limitations for fiscal years 2008 through 2010 to April 30, 2022, for fiscal years 2014 through fiscal 2017 to February 28, 2023, and for the tax years ended October 31, 2017 and October 31, 2018 to September 30, 2023. The statute of limitations on assessments for fiscal years 2011 through 2013 has expired, with the exception of a \$6 million refund claim for 2012 for which the statute remains open. However, as previously noted, fiscal years 2011 and 2013 are in the U.S. Tax Court and consequently these years will remain open until the U.S. Tax Court proceedings have concluded.

The Company expects to reach resolution with regard to disagreed items for fiscal years 2009 through 2013 no earlier than fiscal 2025, and to reach resolution for fiscal years 2014 through 2017, within 12 months.

The Company may settle certain other tax examinations for different amounts than the Company has accrued as uncertain tax positions. Consequently, the Company may need to accrue and ultimately pay additional amounts or pay lower amounts than previously estimated and accrued when positions are settled in the future. The Company believes the outcomes that are reasonably possible within the next 12 months to result in a reduction in its liability for uncertain tax positions, excluding interest, penalties, and tax carryforwards, would be approximately \$44 million.

Note 14 - Debt

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

(in millions)	Interest Rates	Fiscal Year Maturities	As of	
			March 31, 2022 ⁽¹⁾	March 31, 2021 ⁽¹⁾
Short-term debt and current maturities of long-term debt				
Commercial paper ⁽²⁾	(0.40)% - (0.27)%	2023	\$ 362	\$ 213
Current maturities of long-term debt	Various	2023	249	556
Current maturities of finance lease liabilities	0.23% - 12.79%	2023	289	398
Short-term debt and current maturities of long-term debt			<u>\$ 900</u>	<u>\$ 1,167</u>
Long-term debt, net of current maturities				
€650 million Senior notes	1.75%	2026	720	760
\$700 million Senior notes	1.80%	2027	694	—
€750 million Senior notes	0.45%	2028	828	—
\$650 million Senior notes	2.375%	2029	644	—
€600 million Senior notes	0.95%	2032	661	—
EUR term loan	0.80%	2023 - 2024	—	469
\$274 million Senior notes	4.45%	2023	—	154
\$171 million Senior notes	4.45%	2023	—	165
\$500 million Senior notes	4.25%	2025	—	504
\$500 million Senior notes	4.13%	2026	—	496
£250 million Senior notes	2.75%	2025	—	343
\$500 million Senior notes	4.75%	2028	—	506
\$234 million Senior notes	7.45%	2030	—	268
Finance lease liabilities	0.23% - 12.79%	2023 - 2027	643	894
Borrowings for assets acquired under long-term financing	0.00% - 6.78%	2023 - 2026	344	672
Mandatorily redeemable preferred stock outstanding	6.00%	2023	63	63
Other borrowings	Various	2023 - 2024	6	5
Long-term debt			<u>4,603</u>	<u>5,299</u>
Less: current maturities			<u>538</u>	<u>954</u>
Long-term debt, net of current maturities			<u>\$ 4,065</u>	<u>\$ 4,345</u>

⁽¹⁾ The carrying amounts of the senior term loans and notes as of March 31, 2022 and March 31, 2021, include the remaining principal outstanding of \$3,575 million and \$3,631 million, respectively, net of total unamortized debt (discounts) and premiums, and deferred debt issuance costs of \$(28) million and \$34 million, respectively.

⁽²⁾ At DXC's option, DXC can borrow up to a maximum of €1 billion or its equivalent in €, £, and \$.

Senior Notes and Term Loans

During the first quarter of fiscal 2022, the Company used the proceeds from the sale of its HPS business to complete the redemption of the remaining \$319 million of the two series of 4.45% senior notes due fiscal 2023. The Company also repurchased \$33 million of its 4.125% senior notes due fiscal 2026 using the proceeds from the divestitures of other insignificant businesses and existing cash on hand and the remainder of these notes were subsequently redeemed in full.

Euro Senior Notes Issuance

During the second quarter of fiscal 2022, the Company issued (i) €750 million aggregate principal amount of its 0.450% senior notes due fiscal 2028 and (ii) €600 million aggregate principal amount of its 0.950% senior notes due fiscal 2032 (collectively, the “Euro Notes”). The proceeds from the Euro Notes were applied principally to the repayment in full of the €400 million aggregate principal amount of outstanding borrowings under its Euro-denominated term loan facility, the repayment of its U.S. dollar-denominated 4.25% senior notes due fiscal 2025 and the repayment of its Sterling-denominated 2.75% senior notes due fiscal 2025.

U.S. Dollar Senior Notes Issuance

During the second quarter of fiscal 2022, the Company issued (i) \$700 million aggregate principal amount of its 1.80% senior notes due fiscal 2027, and (ii) \$650 million aggregate principal amount of its 2.375% senior notes due fiscal 2029 (collectively, the “USD Notes”). The proceeds from the USD Notes were used for the repayment of its remaining 4.125% senior notes due fiscal 2026, its 4.750% senior notes due fiscal 2028 and its 7.45% senior notes due fiscal 2030.

The interest on the Company’s \$700 million senior notes due fiscal 2027 and \$650 million senior notes due fiscal 2029 are payable semi-annually in arrears, while the interest on the €650 million senior notes due fiscal 2026, €750 million senior notes due fiscal 2028 and €600 million senior notes due fiscal 2032 are payable annually in arrears. Generally, the Company’s notes are redeemable at the Company’s discretion at the then-applicable redemption premium plus accrued and unpaid interest.

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, 2022, are as follows:

Fiscal Year	(in millions)	
2023	\$	249
2024		123
2025		22
2026		723
2027		697
Thereafter		2,146
Total	\$	3,960

Note 15 - 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 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 United States are covered by government sponsored programs at no direct cost to the Company other than related payroll taxes.

The Company accrued \$4 million, \$13 million and \$10 million, for fiscal 2022, 2021 and 2020, respectively, as additional contractual termination benefits for certain employees are part of the Company's restructuring plans. These amounts are reflected in the projected benefit obligation and in the net periodic pension cost.

The change in projected benefit obligation for fiscal year 2022 is primarily related to actuarial gains and foreign currency exchange rate changes. Actuarial gains were primarily due to an increase in discount rates across most plans, with partially offsetting impact of actuarial losses from an increase in inflation rates in Europe and in the United Kingdom and higher than expected benefit indexation in the United Kingdom.

Projected Benefit Obligations

(in millions)	As of	
	March 31, 2022	March 31, 2021
Projected benefit obligation at beginning of year	\$ 12,436	\$ 10,150
Service cost	88	91
Interest cost	203	245
Plan participants' contributions	30	31
Amendments	(12)	(9)
Business/contract acquisitions/divestitures	(2)	11
Contractual termination benefits	4	13
Settlement/curtailment	(76)	(37)
Actuarial (gain) loss	(831)	1,262
Benefits paid	(458)	(393)
Foreign currency exchange rate changes	(485)	1,084
Other	(35)	(12)
Projected benefit obligation at end of year	<u>\$ 10,862</u>	<u>\$ 12,436</u>

The following table summarizes the weighted average rates used in the determination of the Company's benefit obligations:

	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Discount rate	2.7 %	2.0 %
Rates of increase in compensation levels	2.9 %	2.5 %
Interest Crediting Rate	4.0 %	4.0 %

Fair Value of Plan Assets and Funded Status

(in millions)	As of	
	March 31, 2022	March 31, 2021
Fair value of plan assets at beginning of year	\$ 13,425	\$ 11,090
Actual return on plan assets	441	1,401
Employer contribution	161	117
Plan participants' contributions	30	31
Benefits paid	(458)	(393)
Business/contract acquisitions/divestitures	—	—
Contractual termination benefits	4	7
Plan settlement	(66)	(31)
Foreign currency exchange rate changes	(566)	1,224
Other	(19)	(21)
Fair value of plan assets at end of year	<u>\$ 12,952</u>	<u>\$ 13,425</u>
Funded status at end of year	<u>\$ 2,090</u>	<u>\$ 989</u>

Selected Information

(in millions)	As of	
	March 31, 2022	March 31, 2021
Other assets	\$ 2,718	\$ 1,884
Accrued expenses and other current liabilities	(23)	(81)
Non-current pension obligations	(590)	(796)
Other long-term liabilities - OPEB	(15)	(18)
Net amount recorded	<u>\$ 2,090</u>	<u>\$ 989</u>
Accumulated benefit obligation	<u>\$ 10,790</u>	<u>\$ 12,346</u>

(in millions)	Benefit Plans with Projected Benefit Obligation in Excess of Plan Assets		Benefit Plans with Accumulated Benefit Obligation in Excess of Plan Assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Projected benefit obligation	\$ 1,795	\$ 2,490	\$ 1,440	\$ 2,453
Accumulated benefit obligation	\$ 1,717	\$ 2,431	\$ 1,401	\$ 2,402
Fair value of plan assets	\$ 1,167	\$ 1,596	\$ 830	\$ 1,562

Net Periodic Pension Cost

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Service cost	\$ 88	\$ 91	\$ 92
Interest cost	203	245	237
Expected return on assets	(581)	(659)	(651)
Amortization of prior service credit	(8)	(8)	(9)
Contractual termination benefit	4	13	10
Settlement/curtailment (gain) loss	(20)	(18)	7
Recognition of actuarial (gain) loss	(664)	537	(252)
Net periodic pension (income) expense	\$ (978)	\$ 201	\$ (566)

The service cost component of net periodic pension (income) expense is presented in cost of services and selling, general and administrative and the other components of net periodic pension income are presented in other income, net in the Company's statements of operations.

The weighted-average rates used to determine net periodic pension cost were:

	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Discount or settlement rates	2.0 %	2.4 %	2.4 %
Expected long-term rates of return on assets	4.4 %	5.6 %	5.8 %
Rates of increase in compensation levels	2.5 %	1.7 %	2.0 %
Interest Crediting Rate	4.0 %	4.0 %	— %

The following is a summary of amounts in accumulated other comprehensive income, before tax effects:

(in millions)	Fiscal Years Ended	
	March 31, 2022	March 31, 2021
Prior service cost	\$ (238)	\$ (239)

Estimated Future Contributions and Benefits Payments

(in millions)	
Employer contributions:	
2023	\$ 88
Benefit Payments:	
2023	\$ 483
2024	419
2025	426
2026	434
2027	444
2028 and thereafter	2,361
Total	\$ 4,567

Fair Value of Plan Assets

The tables below set forth the fair value of plan assets by asset category within the fair value hierarchy:

(in millions)		As of March 31, 2022			
		Level 1	Level 2	Level 3	Total
Equity:					
	US Domestic Stocks	\$ —	\$ —	\$ —	\$ —
	Global Stocks	—	—	—	—
	Global/International Equity commingled funds	169	2,098	—	2,267
	Global equity mutual funds	—	—	—	—
	U.S./North American Equity commingled funds	—	5	—	5
Fixed Income:					
	Non-U.S. Government funds	—	46	—	46
	Fixed income commingled funds	4	45	15	64
	Fixed income mutual funds	—	3	—	3
	Corporate bonds	1	4,668	—	4,669
Alternatives:					
	Other Alternatives ⁽¹⁾	4	3,182	1,602	4,788
	Hedge Funds ⁽²⁾	—	12	—	12
	Other Assets	278	78	31	387
	Insurance contracts	—	342	—	342
	Cash and cash equivalents	357	12	—	369
	Totals	\$ 813	\$ 10,491	\$ 1,648	\$ 12,952

		As of March 31, 2021			
(in millions)		Level 1	Level 2	Level 3	Total
Equity:					
	US Domestic Stocks	\$ —	\$ —	\$ —	\$ —
	Global Stocks	—	—	—	—
	Global/International Equity commingled funds	246	2,260	—	2,506
	Global equity mutual funds	—	—	—	—
	U.S./North American Equity commingled funds	—	6	—	6
Fixed Income:					
	Non-U.S. Government funds	—	—	—	—
	Fixed income commingled funds	1	42	15	58
	Fixed income mutual funds	—	4	—	4
	Corporate bonds	—	5,500	—	5,500
Alternatives:					
	Other Alternatives ⁽¹⁾	1	2,706	1,930	4,637
	Hedge Funds ⁽²⁾	—	10	1	11
	Other Assets	70	65	85	220
	Insurance contracts	4	380	—	384
	Cash and cash equivalents	97	2	—	99
	Totals	\$ 419	\$ 10,975	\$ 2,031	\$ 13,425

⁽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 March 31, 2020		\$ 1,358
Actual return on plan assets held at the reporting date		233
Purchases, sales and settlements		279
Transfers in and / or out of Level 3		—
Changes due to exchange rates		161
Balance as of March 31, 2021		2,031
Actual return on plan assets held at the reporting date		(156)
Purchases, sales and settlements		(156)
Transfers in and / or out of Level 3		—
Changes due to exchange rates		(71)
Balance as of March 31, 2022		\$ 1,648

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 in the U.K. and certain U.K. 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

Asset Category	As of	
	March 31, 2022	March 31, 2021
Equity securities	18 %	19 %
Debt securities	37 %	42 %
Alternatives	39 %	37 %
Cash and other	6 %	2 %
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. For certain plans, the Company will match employee contributions. The plans allow employees to contribute a portion of their earnings in accordance with specified guidelines. During fiscal 2022, 2021 and 2020, the Company contributed \$226 million, \$221 million and \$192 million, respectively, to its defined contribution plans. As of March 31, 2022, plan assets included 2,785,795 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 \$36 million as of March 31, 2022 and \$42 million as of March 31, 2021. The Company's expense under the Plan totaled \$2 million and \$8 million for fiscal 2022 and 2021 respectively.

Note 16 - 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 "Board").

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. On November 8, 2018, DXC announced that its board of directors approved an incremental \$2.0 billion share repurchase authorization. On February 2, 2022, DXC announced its intention to repurchase incrementally up to \$1.0 billion of its outstanding shares of common stock in the open market. 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.

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. There was no share repurchase activity during fiscal 2021. The details of shares repurchased during fiscal 2022 and 2020 are shown below:

Fiscal Year	Number of shares repurchased	Average Price Per Share	Amount (In millions)
2022			
Open market purchases	18,818,934	\$33.67	\$ 634
2022 Total	18,818,934	\$33.67	\$ 634
2020			
Open market purchases	12,279,107	\$43.67	\$ 536
ASR	3,654,544	\$54.73	\$ 200
2020 Total	15,933,651	\$46.21	\$ 736

Treasury Stock Transactions

In fiscal 2022, 2021 and 2020 the Company accepted 4,614, 4,050 and 38,902 shares of its common stock, respectively, in lieu of cash in connection with the exercise of stock options. In fiscal 2022, 2021 and 2020, the Company accepted 415,438, 305,269 and 321,148 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 2,878,079 treasury shares as of March 31, 2022.

Dividends

The Board of Directors (the "Board") has suspended the Company's cash dividend payment beginning in the first quarter of fiscal 2021 to preserve cash and enhance financial flexibility in the current environment. As of March 31, 2022 the Company does not intend to reinstate its quarterly cash dividends. During fiscal 2020, the Company declared dividends of \$0.84 per common share totaling \$219 million.

Accumulated Other Comprehensive Loss

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

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Available- for-sale Securities	Pension and Other Post- retirement Benefit Plans	Accumulated Other Comprehensive Loss
Balance at March 31, 2019	\$ (517)	\$ (3)	\$ 9	\$ 267	\$ (244)
Current-period other comprehensive loss	(334)	(15)	—	—	(349)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	—	(2)	—	(8)	(10)
Balance at March 31, 2020	\$ (851)	\$ (20)	\$ 9	\$ 259	\$ (603)
Current-period other comprehensive income (loss)	297	14	(9)	—	302
Amounts reclassified from accumulated other comprehensive income (loss), net of taxes	—	5	—	(6)	(1)
Balance at March 31, 2021	\$ (554)	\$ (1)	\$ —	\$ 253	\$ (302)
Current-period other comprehensive (loss) income	(11)	17	—	—	6
Amounts reclassified from accumulated other comprehensive (loss) income, net of taxes ⁽¹⁾	(86)	(6)	—	3	(89)
Balance at March 31, 2022	\$ (651)	\$ 10	\$ —	\$ 256	\$ (385)

⁽¹⁾ Includes net cumulative foreign currency translation losses of \$86 million upon sale of foreign entities primarily related to the HPS business divestiture. See Note 3 – “Divestitures” for additional information.

Note 17 - Stock Incentive Plans

Equity Plans

The Compensation Committee of the Board of Directors 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 terminated earlier 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.

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 3-year period. If the specified performance criteria are met, awards are settled for shares of DXC common stock and dividend equivalents upon the filing with the SEC of the Annual Report on Form 10-K for the last fiscal year of the performance period. PSU awards include the potential for up to 25% of the shares granted to be earned after the first and second fiscal years if certain of the Company’s performance targets are met early, subject to vesting based on the participant’s continued employment through the end of the three-year performance period.

Beginning in fiscal 2021, DXC issued awards that are considered to have a market condition. A Monte Carlo simulation model was used for the valuation of the grants. Settlement of shares for these PSU awards will be made at the end of the third fiscal year subject to certain compounded annual growth rates of the stock price and continued employment through the last day of the third fiscal year.

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

The DXC Share Purchase Plan allows DXC's employees located in the U.K. to purchase shares of DXC's common stock at the fair market value of such shares on the applicable purchase date. There were 29,391 shares purchased under this plan during fiscal 2022.

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, 2022	
	Reserved for issuance	Available for future grants
DXC Employee Equity Plan	51,200,000	31,331,818
DXC Director Equity Plan	745,000	361,651
DXC Share Purchase Plan	250,000	125,917
Total	52,195,000	31,819,386

The Company recognized share-based compensation expense for fiscal 2022, 2021 and 2020 as follows:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Total share-based compensation cost	\$ 101	\$ 56	\$ 68
Related income tax benefit	\$ 14	\$ 6	\$ 12
Total intrinsic value of options exercised	\$ 8	\$ 1	\$ 8
Tax benefits from exercised stock options and awards	\$ 17	\$ 6	\$ 14

As of March 31, 2022, total unrecognized compensation expense related to unvested DXC RSUs, net of expected forfeitures was \$151 million, respectively. The unrecognized compensation expense for unvested RSUs is expected to be recognized over a weighted-average period of 1.79 years.

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 31, 2019	2,318,768	\$ 30.40	4.80	\$ 79
Granted	—	\$ —		
Exercised	(331,172)	\$ 31.36		\$ 8
Canceled/Forfeited	(2,213)	\$ 55.95		
Expired	(115,568)	\$ 34.97		
Outstanding as of March 31, 2020	1,869,815	\$ 29.92	4.27	\$ —
Granted	—	\$ —		
Exercised	(89,335)	\$ 16.01		\$ 1
Canceled/Forfeited	—	\$ —		
Expired	(104,900)	\$ 33.53		
Outstanding as of March 31, 2021	1,675,580	\$ 30.43	3.61	\$ 8
Granted	—	\$ —		
Exercised	(510,294)	\$ 23.27		\$ 8
Canceled/Forfeited	—	\$ —		
Expired	(53,899)	\$ 35.57		
Outstanding as of March 31, 2022	1,111,387	\$ 33.47	3.01	\$ 5
Vested and expected to vest in the future as of March 31, 2022	1,111,387	\$ 33.47	3.01	\$ 5
Exercisable as of March 31, 2022	1,111,347	\$ 33.47	3.01	\$ 5

Range of Option Exercise Price	As of March 31, 2022				
	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Number Exercisable	Weighted Average Exercise Price
\$8.96 - \$24.47	137,920	\$ 19.89	1.89	137,920	\$ 19.89
\$25.14 - \$41.92	518,356	\$ 27.34	2.89	518,356	\$ 27.34
\$42.05 - \$58.80	455,111	\$ 44.59	3.49	455,111	\$ 44.59
	<u>1,111,387</u>			<u>1,111,387</u>	

The cash received from stock options exercised during fiscal 2022, 2021 and 2020 was \$12 million, \$1 million and \$9 million, respectively.

Restricted Stock

Information concerning RSUs and PSUs granted under the stock incentive plans was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2019	2,809,775	\$ 67.27
Granted	3,166,405	\$ 45.58
Released/Issued	(1,039,346)	\$ 54.39
Canceled/Forfeited	(762,358)	\$ 59.46
Outstanding as of March 31, 2020	4,174,476	\$ 55.45
Granted	8,026,810	\$ 20.92
Released/Issued	(1,249,681)	\$ 52.82
Canceled/Forfeited	(2,625,385)	\$ 35.16
Outstanding as of March 31, 2021	8,326,220	\$ 28.98
Granted	2,972,253	\$ 50.87
Released/Issued	(2,141,180)	\$ 34.12
Canceled/Forfeited	(1,680,167)	\$ 34.93
Outstanding as of March 31, 2022	7,477,126	\$ 35.89

Non-employee Director Incentives

Information concerning RSUs granted to non-employee directors was as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2019	75,750	\$ 46.31
Granted	62,200	\$ 35.90
Released/Issued	(23,335)	\$ 60.90
Canceled/Forfeited	—	\$ —
Outstanding as of March 31, 2020	114,615	\$ 37.69
Granted	118,500	\$ 18.82
Released/Issued	(48,455)	\$ 26.90
Canceled/Forfeited	—	\$ —
Outstanding as of March 31, 2021	184,660	\$ 28.42
Granted	74,300	\$ 35.18
Released/Issued	(102,238)	\$ 21.43
Canceled/Forfeited	—	\$ —
Outstanding as of March 31, 2022	156,722	\$ 36.18

Note 18 - Cash Flows

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

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Cash paid for:			
Interest	\$ 227	\$ 334	\$ 371
Taxes on income, net of refunds ⁽¹⁾	\$ 394	\$ 798	\$ 247
Non-cash activities:			
Operating:			
ROU assets obtained in exchange for lease, net ⁽²⁾	\$ 279	\$ 530	\$ 411
Prepaid assets acquired under long-term financing	\$ 107	\$ 46	\$ 99
Investing:			
Capital expenditures in accounts payable and accrued expenses	\$ 9	\$ 341	\$ 66
Capital expenditures through finance lease obligations	\$ 233	\$ 348	\$ 605
Assets acquired under long-term financing	\$ 44	\$ 35	\$ 376
Decrease in deferred purchase price receivable	\$ —	\$ (52)	\$ (205)
Contingent consideration	\$ —	\$ 3	\$ 18
Financing:			
Dividends declared but not yet paid	\$ —	\$ —	\$ 55
Shares repurchased but not settled in cash	\$ 6	\$ —	\$ —

⁽¹⁾ Income tax refunds were \$54 million, \$70 million, and \$42 million for fiscal 2022, 2021, and 2020, respectively.

⁽²⁾ There were \$1,085 million, \$763 million, and \$216 million in modifications and terminations in fiscal 2022, 2021, and 2020, respectively, and net of \$87 million change in lease classification from operating to finance lease in fiscal 2020,

Note 19 - Other (Income) Expense, Net

The following table summarizes components of other (income) expense, net:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Non-service cost components of net periodic pension (income) expense	\$ (1,066)	\$ 110	\$ (658)
Foreign currency loss (gain)	13	14	(25)
Other gain	(28)	(22)	(37)
Totals	\$ (1,081)	\$ 102	\$ (720)

Non-service cost components of net periodic pension expense resulted primarily from the actuarial gain of \$664 million compared to the loss of \$537 million prior year. See Note 15 - Pension and Other Benefit Plans. Foreign currency loss (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 primarily relates to gain on sale of non-operating assets.

Note 20 - Segment and Geographic Information

DXC has a matrix form of organization and is managed in several different and overlapping groupings including services, industries and geographic regions. 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.

Global Business Services

GBS provides innovative technology solutions that help our customers address key business challenges and accelerate transformations tailored to each customer's industry and specific objectives. GBS offerings include:

- *Analytics and Engineering.* Our portfolio of analytics services and extensive partner ecosystem help customers gain rapid insights, automate operations, and accelerate their transformation journeys. We provide software engineering, consulting, and data analytics solutions that enable businesses to run and manage their mission-critical functions, transform their operations, and develop new ways of doing business.
- *Applications.* We use advanced technologies and methods to accelerate the creation, modernization, delivery and maintenance of high-quality, secure applications allowing customers to innovate faster while reducing risk, time to market, and total cost of ownership. We support customers across all industries, including public sector, insurance, banking and capital markets, and automotive.
- *Business process services.* We perform the integration and optimization of front and back office processes, as well as agile process automation. This helps companies to reduce cost and minimize business disruption, human error, and operational risk while improving customer experiences.

Global Infrastructure Services

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

- *Cloud and Security.* We help customers rapidly modernize by adapting legacy apps to cloud, migrate the right workloads, and effectively manage their multi-cloud environments. Our security solutions help predict attacks, proactively respond to threats, ensure compliance and protect data, applications and infrastructure.
- *IT Outsourcing ("ITO").* Our ITO services help customers securely and cost-effectively run mission-critical systems and IT infrastructure. We manage and simplify our customers' existing IT investments, reduce the costs to run them and provide a path for customers to move portions of their IT estates to the cloud to drive innovation and additional savings.
- *Modern Workplace.* We provide services to fit our customer's employee, business and IT needs from intelligent collaboration, modern device management, digital support services, and mobility services. Our focus on the employee experience provides a consumer-like, digital experience that fits the needs of today's professional.

Segment Measures

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

(in millions)	GBS	GIS	Total Reportable Segments	All Other	Totals
Fiscal Year Ended March 31, 2022					
Revenues	\$ 7,598	\$ 8,667	\$ 16,265	\$ —	\$ 16,265
Segment Profit	\$ 1,160	\$ 475	\$ 1,635	\$ (260)	\$ 1,375
Depreciation and amortization ⁽¹⁾	\$ 180	\$ 991	\$ 1,171	\$ 112	\$ 1,283
Fiscal Year Ended March 31, 2021					
Revenues	\$ 8,336	\$ 9,393	\$ 17,729	\$ —	\$ 17,729
Segment Profit	\$ 1,120	\$ 245	\$ 1,365	\$ (263)	\$ 1,102
Depreciation and amortization ⁽¹⁾	\$ 212	\$ 1,122	\$ 1,334	\$ 106	\$ 1,440
Fiscal Year Ended March 31, 2020					
Revenues	\$ 9,111	\$ 10,466	\$ 19,577	\$ —	\$ 19,577
Segment Profit	\$ 1,301	\$ 1,007	\$ 2,308	\$ (247)	\$ 2,061
Depreciation and amortization ⁽¹⁾	\$ 199	\$ 1,051	\$ 1,250	\$ 109	\$ 1,359

⁽¹⁾ Depreciation and amortization as presented excludes amortization of acquired intangible assets of \$434 million, \$530 million, and \$583 million for fiscal 2022, 2021, and 2020, 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 cost of services, segment selling, general and administrative, depreciation and amortization, and other income (excluding the movement in foreign currency exchange rates on DXC's foreign currency denominated assets and liabilities and the related economic hedges). The Company does not allocate to its segments certain operating expenses managed at the corporate level. These unallocated costs include certain corporate function costs, stock-based compensation expense, pension and OPEB actuarial and settlement gains and losses, restructuring costs, transaction, separation, and integration-related costs and amortization of acquired intangible assets.

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Total profit for reportable segments	\$ 1,635	\$ 1,365	\$ 2,308
All other loss	(260)	(263)	(247)
Subtotal	\$ 1,375	\$ 1,102	\$ 2,061
Interest income	65	98	165
Interest expense	(204)	(361)	(383)
Restructuring costs	(318)	(551)	(252)
Transaction, separation and integration-related costs	(26)	(358)	(318)
Amortization of acquired intangibles	(434)	(530)	(583)
Gains on dispositions	341	2,004	—
Pension and OPEB actuarial and settlement gains (losses)	684	(519)	244
Debt extinguishment cost	(311)	(41)	—
Impairment losses	(31)	(190)	(6,794)
Gain on arbitration award	—	—	632
Income (loss) before income taxes	<u>\$ 1,141</u>	<u>\$ 654</u>	<u>\$ (5,228)</u>

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.

Geographic Information

See Note 21 - "Revenue" for the Company's revenue by geography. Property and equipment, net, which is based on the physical location of the assets, was as follows:

(in millions)	As of	
	March 31, 2022	March 31, 2021
United States	\$ 975	\$ 1,189
U.K.	415	465
Australia	120	149
Other Europe	460	603
Other International	442	540
Total Property and Equipment, net	<u>\$ 2,412</u>	<u>\$ 2,946</u>

No single customer exceeded 10% of the Company's revenues during fiscal 2022, fiscal 2021 or fiscal 2020.

Note 21 - Revenue

Revenue Recognition

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

(in millions)	Twelve Months Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
United States	\$ 4,775	\$ 5,983	\$ 7,225
U.K.	2,295	2,413	2,776
Other Europe	5,117	5,129	5,121
Australia	1,549	1,529	1,487
Other International	2,529	2,675	2,968
Total Revenues	<u>\$ 16,265</u>	<u>\$ 17,729</u>	<u>\$ 19,577</u>

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

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of the transaction price in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency. As of March 31, 2022, approximately \$22 billion of revenue is expected to be recognized from remaining performance obligations. The Company expects to recognize revenue on approximately 39% of these remaining performance obligations in fiscal 2023, with the remainder of the balance recognized thereafter.

Contract Balances

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

(in millions)	Balance Sheet Line Item	As of	
		March 31, 2022	March 31, 2021
Trade receivables, net	Receivables and contract assets, net of allowance for doubtful accounts	\$ 2,694	\$ 2,871
Contract assets	Receivables and contract assets, net of allowance for doubtful accounts	\$ 371	\$ 351
Contract liabilities	Deferred revenue and advance contract payments and Non-current deferred revenue	\$ 1,915	\$ 1,701

Change in contract liabilities were as follows:

(in millions)	Twelve Months Ended March 31, 2022	Twelve Months Ended March 31, 2021
Balance, beginning of period	\$ 1,701	\$ 1,756
Deferred revenue	3,099	2,933
Recognition of deferred revenue	(2,770)	(2,922)
Currency translation adjustment	(43)	128
Other ⁽¹⁾	(72)	(194)
Balance, end of period	\$ 1,915	\$ 1,701

⁽¹⁾ For fiscal 2021, Other included contract liabilities of \$52 million related to the divested HHS business and \$62 million related to the HPS business and other insignificant businesses reclassified to assets held for sale. See note Note 3 - "Divestitures and Note 4 - "Assets Held for Sale" for more information.

The following tables provides information about the Company's capitalized costs to obtain and fulfill a contract:

(in millions)	As of	
	March 31, 2022	March 31, 2021
Capitalized sales commission costs ⁽¹⁾	\$ 191	\$ 256
Transition and transformation contract costs, net ⁽²⁾	\$ 818	\$ 888

Amortization expense of capitalized sales commission and transition and transformation contract costs were as follows:

(in millions)	Fiscal Years Ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Capitalized sales commission costs amortization ⁽¹⁾	\$ 85	\$ 70	\$ 72
Transition and transformation contract cost amortization ⁽²⁾	\$ 227	\$ 264	\$ 280

⁽¹⁾ Capitalized sales commission costs are included within other assets in the accompanying balance sheets and amortization expense related to the capitalized sales commission assets are included in selling, general, and administrative expenses in the accompanying statements of operations.

⁽²⁾ Transition and transformation contract costs, net reflect the Company's setup costs incurred upon initiation of an outsourcing contract and are included within other assets in the accompanying balance sheets and amortization expense are included within depreciation and amortization in the accompanying statements of operations.

Note 22 - Restructuring Costs

The Company recorded restructuring costs, net of reversals, of \$318 million, \$551 million and \$252 million for fiscal 2022, 2021 and 2020, respectively. The costs recorded during fiscal 2022 were largely the result of implementing the Fiscal 2022 Plan as described below.

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

(in millions)	As of	
	March 31, 2022	March 31, 2021
Accrued expenses and other current liabilities	\$ 113	\$ 225
Other long-term liabilities	39	45
Total	<u>\$ 152</u>	<u>\$ 270</u>

Summary of Restructuring Plans

Fiscal 2022 Plan

During fiscal 2022, management approved global cost savings initiatives designed to better align the Company's workforce and facility structures (the "Fiscal 2022 Plan"). Also included in restructuring costs for the fiscal year ended March 31, 2022 is \$18 million related to amortization of right-of-use assets and interest expense for leased facilities that we have vacated but that are being actively marketed for sublease, or we are in negotiations with the landlord to potentially terminate or modify those leases.

Fiscal 2021 Plan

During fiscal 2021, management approved global cost savings initiatives designed to better align the Company's workforce and facility structures (the "Fiscal 2021 Plan"). The Fiscal 2021 Plan includes workforce optimization programs and facilities and data center rationalization. Costs incurred to date under the Fiscal 2021 Plan total \$541 million, comprising \$499 million in employee severance and \$42 million of facilities costs.

Fiscal 2020 Plan

During fiscal 2020, management approved cost savings initiatives designed to reduce operating costs by re-balancing its workforce and facilities structures (the "Fiscal 2020 Plan"). The Fiscal 2020 Plan includes workforce optimization programs and facilities and data center rationalization. Costs incurred to date under the Fiscal 2020 Plan total \$294 million, comprising \$277 million in employee severance and \$17 million of facilities costs.

Other Prior Year Plans

In June 2017, management approved a post-HPES Merger restructuring plan to optimize the Company's operations in response to a continuing business contraction. Other prior year plans focus mainly on optimizing specific aspects of the global workforce, increasing the proportion of work performed in low-cost offshore locations and re-balancing the organizational structure. Additionally, these plans included global facility restructuring, including a global data center restructuring program. Costs incurred to date under other prior year plans total \$1,478 million, comprising \$1,141 million in employee severance and \$337 million of facilities costs.

Acquired Restructuring Liabilities

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

Restructuring activities, summarized by plan year, were as follows:

	Restructuring Liability as of March 31, 2021	Costs Expensed, Net of Reversals	Costs Not Affecting Restructuring Liability ⁽¹⁾	Cash Paid	Other ⁽²⁾	Restructuring Liability as of March 31, 2022
Fiscal 2022 Plan						
Workforce Reductions	\$ —	\$ 228	\$ (5)	\$ (133)	\$ (6)	\$ 84
Facilities Costs	—	92	(62)	(30)	1	1
	<u>—</u>	<u>\$ 320</u>	<u>(67)</u>	<u>(163)</u>	<u>(5)</u>	<u>85</u>
Fiscal 2021 Plan						
Workforce Reductions	\$ 180	\$ (2)	\$ —	\$ (142)	\$ (3)	\$ 33
Facilities Costs	3	5	(5)	(2)	—	1
	<u>183</u>	<u>3</u>	<u>(5)</u>	<u>(144)</u>	<u>(3)</u>	<u>34</u>
Fiscal 2020 Plan						
Workforce Reductions ⁽³⁾	\$ 27	\$ (2)	\$ —	\$ (18)	\$ (1)	\$ 6
Facilities Costs	—	—	—	—	—	—
	<u>27</u>	<u>(2)</u>	<u>—</u>	<u>(18)</u>	<u>(1)</u>	<u>6</u>
Other Prior Year Plans						
Workforce Reductions	\$ 19	\$ 2	\$ —	\$ (17)	\$ —	\$ 4
Facilities Costs	6	(1)	1	(4)	—	2
	<u>25</u>	<u>1</u>	<u>1</u>	<u>(21)</u>	<u>—</u>	<u>6</u>
Acquired Liabilities						
Workforce Reductions	\$ 34	\$ (4)	\$ —	\$ (7)	\$ (2)	\$ 21
Facilities Costs	1	—	—	(1)	—	—
	<u>\$ 35</u>	<u>(4)</u>	<u>—</u>	<u>(8)</u>	<u>(2)</u>	<u>21</u>
Total	<u>\$ 270</u>	<u>\$ 318</u>	<u>\$ (71)</u>	<u>\$ (354)</u>	<u>\$ (11)</u>	<u>\$ 152</u>

⁽¹⁾ Pension benefit augmentations recorded as a pension liability and asset impairments and restructuring costs associated with right-of-use assets.

⁽²⁾ Foreign currency translation adjustments.

	Restructuring Liability as of March 31, 2020	Costs Expensed, Net of Reversals	Costs Not Affecting Restructuring Liability ⁽¹⁾	Cash Paid	Other ⁽²⁾	Restructuring Liability as of March 31, 2021
Fiscal 2021 Plan						
Workforce Reductions	\$ —	\$ 501	\$ (11)	\$ (313)	\$ 3	\$ 180
Facilities Costs	—	37	(17)	(14)	(3)	3
	—	538	(28)	(327)	—	183
Fiscal 2020 Plan						
Workforce Reductions ⁽³⁾	\$ 74	\$ 8	\$ 1	\$ (60)	\$ 4	\$ 27
Facilities Costs	2	(4)	4	(2)	—	—
	76	4	5	(62)	4	27
Fiscal 2019 Plan						
Workforce Reductions	\$ 25	\$ (1)	\$ (2)	\$ (17)	\$ 2	\$ 7
Facilities Costs	5	(2)	1	(1)	3	6
	30	(3)	(1)	(18)	5	13
Other Prior Year Plans						
Workforce Reductions	\$ 24	\$ 12	\$ (7)	\$ (19)	\$ 2	\$ 12
Facilities Costs	—	—	—	—	—	—
	24	12	(7)	(19)	2	12
Acquired Liabilities						
Workforce Reductions	\$ 39	\$ 1	\$ —	\$ (7)	\$ 1	\$ 34
Facilities Costs	11	(1)	1	(9)	(1)	1
	50	—	1	(16)	—	35
Total	\$ 180	\$ 551	\$ (30)	\$ (442)	\$ 11	\$ 270

⁽¹⁾ Pension benefit augmentations recorded as a pension liability and asset impairment.

⁽²⁾ Foreign currency translation adjustments.

⁽³⁾ Fiscal 2020 workforce reductions includes a \$14 million adjustment to restructuring expense related to the prior year.

Note 23 - Commitments and Contingencies

Commitments

The Company signed long-term purchase agreements with certain software, hardware, telecommunication and other service providers to obtain favorable pricing and terms for services and products that are necessary for the operations of business activities. Under the terms of these agreements, the Company is contractually committed to purchase specified minimums over periods ranging from one to seven 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, 2022 were as follows:

Fiscal year (in millions)	Minimum Purchase Commitment
2023	\$ 828
2024	393
2025	249
2026	239
2027	14
Total	<u>\$ 1,723</u>

In the normal course of business, the Company may provide certain customers 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 customer. 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, 2022:

(in millions)	Fiscal 2023	Fiscal 2024	Fiscal 2025 and Thereafter	Totals
Surety bonds	\$ 86	\$ 7	\$ 6	\$ 99
Letters of credit	77	47	575	699
Stand-by letters of credit	70	31	9	110
Totals	<u>\$ 233</u>	<u>\$ 85</u>	<u>\$ 590</u>	<u>\$ 908</u>

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

Insurance Recovery re Kemper Litigation: The Company previously disclosed litigation with Kemper Corporate Services, Inc., in which an arbitration award was issued against the Company in October 2017. Following a series of appeals, the Company paid the balance of the judgment in February 2020, which net of insurance recovery, totaled \$60 million. The Company has since recovered an additional \$37 million from its insurance carriers and continues to pursue additional recovery. All material issues pertaining to this matter have concluded.

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

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

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

A mediation was held in October 2018 with the 16 named and opt-in plaintiffs who were involved in the case at that time. A settlement was reached, which included seven plaintiffs who were employed by former business units of HPE that are now owned by the Company. In June 2019, a second mediation was held with 145 additional opt-in plaintiffs who were compelled to arbitration pursuant to their release agreements. In December 2019, a settlement was reached with 142 of the opt-in plaintiffs, 35 of whom were employed by former business units of HPE that are now owned by the Company, and for which the Company was liable.

In December 2020, Plaintiffs filed a motion for preliminary certification of the collective action, which Defendants opposed. In April 2021, the court granted Plaintiffs’ motion for preliminary certification and lifted the previously imposed stay of the action. In November 2021, notice was sent to putative members of the ADEA collectives regarding participation in the case. In February 2022, the notice period closed.

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

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

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

On January 29, 2019, the court granted HPE's motion for summary judgment and denied Oracle's motion for summary judgment, resolving the matter in HPE's favor. Oracle appealed the judgment to the U.S. Court of Appeals for the Ninth Circuit. In August 2020, the court granted Oracle's appeal in part. The case was then remanded to the District Court for further proceedings.

In January 2021, the District Court entered a scheduling order that provided for summary judgment briefing to be completed by May 2021 and a trial date in November 2021. In June 2021, the Court issued a decision denying HPE's motion for summary judgment and granting Oracle's motion for summary judgment on various HPE defenses. In November 2021, the court issued an order continuing the trial to May 2022. The trial is scheduled to begin on May 23, 2022.

In re DXC Technology Company Securities Litigation: Previously disclosed matters have been dismissed, with one case remaining, in the Superior Court of the State of California.

On August 20, 2019, a purported class action lawsuit was filed in the Superior Court of the State of California, County of Santa Clara, against the Company, directors of the Company, and a former officer of the Company, among other defendants. The action asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended, and is premised on allegedly false and/or misleading statements, and alleged non-disclosure of material facts, regarding the Company's prospects and expected performance. The putative class of plaintiffs includes all persons who acquired shares of the Company's common stock pursuant to the offering documents filed with the Securities and Exchange Commission in connection with the April 2017 transaction that formed DXC.

The State of California action had been stayed pending the outcome of the substantially similar federal action filed in the United States District Court for the Northern District of California. The federal action was dismissed with prejudice in December 2021. Thereafter, the state court lifted the stay and entered an order permitting additional briefing by the parties. In March 2022, Plaintiffs filed an amended complaint. In April 2022, the Company moved to dismiss the amended complaint. A hearing on the Company's motion to dismiss is scheduled for August 2022.

The Company believes that the final remaining lawsuit described above is also without merit, and it intends to vigorously defend it.

Tax Examinations: The Company is under IRS examination in the U.S. on its federal income tax returns for certain fiscal years and is in disagreement with the IRS on certain of our tax positions. For more detail, see Note 13 - "Income Taxes" for further information.

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.

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

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Annual Report on Form 10-K, 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.

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 reporting purposes in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

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 to permit preparation of financial statements in accordance with US GAAP and that receipts and expenditures of DXC 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, 2022.

The effectiveness of DXC's internal control over financial reporting as of March 31, 2022 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, which is contained in this Annual Report.

Remediation Efforts to Address Material Weakness

As previously disclosed in Item 9A of our Annual Report for the year ended March 31, 2021 and Item 4 of our Quarterly Reports during fiscal year 2022, management previously identified and disclosed a material weakness in internal control over financial reporting related to establishment and timely reassessment of policies and procedures for complex transactions and processes and the related impacts to control activities. During the quarter ended March 31, 2022, the Company completed the remediation of this material weakness.

Changes in Internal Controls Over Financial Reporting

During the quarter ended March 31, 2022, there were no changes in our internal control over financial reporting, other than the changes related to the remediation of the material weakness discussed above, 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
Ashburn, 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, 2022, 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, 2022, 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 year ended March 31, 2022, of the Company and our report dated May 25, 2022, 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 25, 2022

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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 2022 Annual Meeting of Stockholders (the "2022 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 officers appears in Part I, Item I of this Annual Report on Form 10-K under the heading "Information About Our Executive Officers."

Other information required by this item will appear under the headings "Proposal 1-Election of Directors," "Delinquent Section 16(a) Reports", "Corporate Governance," and "Additional Information-Business for 2022 Annual Meeting" in our 2022 Proxy Statement, which will be filed with the SEC pursuant to Regulation 14A not later than 120 days after March 31, 2022, and such information is incorporated herein by reference.

We have a written Code of Conduct that applies to our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer and every other officer and employee of DXC. Our Code of 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 of 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 2022 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, 2022. See Note 17 - "Stock Incentive Plans" of 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	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)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	8,745,235	4.25	31,693,469
Equity compensation plans not approved by security holders	—	—	—
Total	8,745,235	4.25	31,693,469

Other information required by this Item will appear in the 2022 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 2022 Proxy Statement under the headings "Corporate Governance" and "Certain Relationships and Related Transactions" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item will appear in our 2022 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, 2023" and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND 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
1.1	Underwriting Agreement, dated September 7, 2021, between DXC Technology Company and BofA Securities, Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as representatives of the underwriters named therein (incorporated by reference to Exhibit 1.1 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
2.1	Purchase Agreement, dated March 9, 2020, by and between Milano Acquisition Corp and DXC Technology Company (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed March 12, 2020) (file no. 001-38033))
2.2	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))
2.3	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))
2.4	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))
2.5	Separation and Distribution Agreement, dated May 24, 2016, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed May 26, 2016) (file no. 001-37483))
2.6	First Amendment to the Separation and Distribution Agreement, dated November 2, 2016, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed November 2, 2016) (file no. 001-37483))
2.7	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))
2.8	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))
2.9	Fourth Amendment to the Separation and Distribution Agreement, dated March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.6 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
2.10	Employee Matters Agreement, dated as of March 31, 2017, by and among the Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
2.11	Tax Matters Agreement, dated as of March 31, 2017, by and among the Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
2.12	Intellectual Property Matters Agreement, dated as of March 31, 2017, by and among Hewlett Packard Enterprise Company, Hewlett Packard Enterprise Development LP and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.3 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
2.13	Transition Services Agreement, dated as of March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.4 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))

- 2.14 Real Estate Matters Agreement, dated as of March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.5 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
- 2.15 Agreement and Plan of Merger, dated as of October 11, 2017 by and among DXC Technology Company, Ultra SCInc., Ultra First VMS Inc., Ultra Second VMS LLC, Ultra KMS Inc., Vencore Holding Corp., KGS Holding Corp., The SI Organization Holdings LLC and KGS Holding LLC (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed October 13, 2017) (file no. 001-38033))
- 2.16 Separation and Distribution Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.17 Employee Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.2 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.18 Tax Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.3 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.19 Intellectual Property Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.4 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.20 Transition Services Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.5 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.21 Real Estate Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.6 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.22 Non-U.S. Agency Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.7 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033))
- 2.23 Merger Agreement, dated January 6, 2019, by and among DXC Technology Company, Luna Equities, Inc. and Luxoft Holding, Inc (incorporated by reference to Exhibit 99.1 to Luxoft Holding, Inc's Report of Foreign Private Issuer on Form 6-K (filed January 7, 2019) (file no. 001-35976))
- 3.1 Articles of Incorporation of DXC Technology Company, as filed with the Secretary of State of the State of Nevada on March 31, 2017 (incorporated by reference to Exhibit 3.3 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
- 3.2 Amended and Restated Bylaws of DXC Technology Company, effective March 15, 2018 (incorporated by reference to Exhibit 3.1 to DXC Technology Company's Current Report on Form 8-K (filed March 15, 2018) (file no. 001-38033))
- 4.1 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 Seventh Supplemental Indenture, dated September 26, 2018, among DXC Technology Company, U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K (filed September 26, 2018) (file no. 001-38033))
- 4.3 Form of DXC Technology Company's 1.750% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K (filed September 26, 2018) (file no. 001-38033))
- 4.4 Ninth Supplemental Indenture, dated September 9, 2021, between DXC Technology Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.4 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.5 Form of DXC Technology Company's 1.800% Senior Notes due 2026 (incorporated by reference to Exhibit 4.4 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.6 Form of DXC Technology Company's 2.375% Senior Notes due 2028 (incorporated by reference to Exhibit 4.4 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.7 Indenture, dated September 9, 2021, by and among DXC Capital Funding DAC, as issuer, DXC Technology Company and DXC Luxembourg International S.à r.l., as guarantors, U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, as paying agent (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.8 Form of DXC Capital Funding DAC's 0.450% Senior Notes due 2027 (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.9 Form of DXC Capital Funding DAC's 0.950% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Form 8-K (September 9, 2021) (file no. 001-38033))
- 4.10 Description of Securities (filed herewith)

10.1	Revolving Credit Agreement dated November 1, 2021 among DXC Technology Company, the financial institutions listed therein and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (filed November 4, 2021) (file no. 001-38033))
10.2	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))
10.3	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 (incorporated by reference to Exhibit 10.23 to DXC Technology Company's Annual Report on Form 10-K (filed May 29, 2018) (file no. 001-38033))
10.4	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))
10.5	First Amendment to the Purchase and Sale Agreement dated as of August 22, 2018, 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, DXC Technology Services LLC and PDA Software Services LLC, as Originators, and CSC Receivables LLC, as Buyer (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Current Report on Form 8-K (filed August 27, 2018) (file no. 001-38033))
10.6	Second Amendment to the Purchase and Sale Agreement dated as of September 24, 2018, among Computer Sciences Corporation, as Exiting Originator and Exiting Servicer, Alliance-One Services, Inc., CSC Agility Platform, Inc., CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation and PDA Software Services LLC, as Exiting Originators, DXC Technology Services LLC, as Originator, DXC Technology Company, as Servicer, and DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Current Report on Form 8-K (filed September 27, 2018) (file no. 001-38033))
10.7	Third Amendment to the Purchase and Sale Agreement dated as of August 21, 2019, among DXC Technology Company, as Servicer, DXC Technology Services LLC, as Existing Originator, Alliance-One Services, Inc., Computer Sciences Corporation, CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation, and PDA Software Services LLC, as New Originators, and DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed November 12, 2019) (file no. 001-38033))
10.8	Fourth Amendment to the Purchase and Sale Agreement dated as of November 22, 2019, among DXC Technology Company, as Servicer, DXC Technology Services LLC, Alliance-One Services, Inc., Computer Sciences Corporation, CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation, and PDA Software Services LLC, as Existing Originators; CSC Puerto Rico LLC, CSC Covansys Corporation and Tribridge Holdings, LLC, as New Originators; and DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed February 7, 2020) (file no. 001-38033))
10.9	Fifth Amendment to the Purchase and Sale Agreement dated as of May 29, 2020, among DXC Technology Company, as Servicer, DXC MS LLC as exiting Originator, DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer and the various parties listed as remaining Originators (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Quarterly Report on Form 10-Q (filed August 7, 2020) (file no. 001-38033))
10.10	Sixth Amendment to the Purchase and Sale Agreement dated as of August 10, 2020, among DXC Technology Company, as Servicer, PDA Software Services LLC as exiting Originator, DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer and the various parties listed as remaining Originators (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Quarterly Report on Form 10-Q (filed November 6, 2020) (file no. 001-38033))
10.11	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))
10.12	Third Amendment to the Receivables Purchase Agreement dated as of August 22, 2018, among Computer Sciences Corporation, as Servicer, CSC Receivables LLC, as seller, the persons from time to time party thereto as Purchasers and group agents, and PNC Bank, National Association, as Administrative Agent. (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Current Report on Form 8-K (filed August 27, 2018) (file no. 001-38033))
10.13	Fourth Amendment to the Receivables Purchase Agreement dated as of September 24, 2018, among Computer Sciences Corporation, as Exiting Servicer, DXC Receivables LLC (f/k/a CSC Receivables LLC), as seller, DXC Technology Company, as Servicer, the persons from time to time party thereto as Purchasers and group agents, and PNC Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Current Report on Form 8-K (filed September 27, 2018) (file no. 001-38033))
10.14	Sixth Amendment to the Receivables Purchase Agreement dated as of August 21, 2019, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed November 12, 2019) (file no. 001-38033))

10.15	Seventh Amendment to the Receivables Purchase Agreement dated as of November 22, 2019, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed February 7, 2020) (file no. 001-38033))
10.16	Eighth Amendment to the Receivables Purchase Agreement dated as of February 18, 2020, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.34 to DXC Technology Company's Annual Report on Form 10-K (filed June 1, 2020)(file no. 001-38033))
10.17	Ninth Amendment to the Receivables Purchase Agreement dated as of May 29, 2020, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed August 7, 2020) (file no. 001-38033))
10.18	Tenth Amendment to the Receivables Purchase Agreement dated as of August 10, 2020, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed November 6, 2020) (file no. 001-38033))
10.19	Eleventh Amendment to the Receivables Purchase Agreement dated as of July 30, 2021, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q (filed August 5, 2021) (file no. 001-38033))
10.20	Fourth Amended and Restated Performance Guaranty dated as of February 18, 2020, made by DXC Technology Company, as Performance Guarantor, in favor of PNC Bank, National Association, as Administrative Agent, for the benefit of the Purchasers (incorporated by reference to Exhibit 10.38 to DXC Technology Company's Annual Report on Form 10-K (filed June 1, 2020)(file no. 001-38033))
10.21*	DXC Technology Company 2017 Omnibus Incentive Plan (Amended and Restated effective August 13, 2020) (incorporated by reference to Appendix C to the Company's Proxy Statement for the 2020 Annual Meeting of Stockholder on Form DEF 14A (filed July 2, 2020) (file no.001-38033))
10.22*	DXC Technology Company 2017 Non-Employee Director Compensation Plan (Amended and Restated effective August 13, 2020) (incorporated by reference to Appendix D to the Company's Proxy Statement for the 2020 Annual Meeting of Stockholder on Form DEF 14A (filed July 2, 2020) (file no.001-38033))
10.23*	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))
10.24*	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))
10.25*	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))
10.26*	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))
10.27*	Form of Fiscal 2023 Performance Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (filed herewith)
10.28*	Form of Fiscal 2022 Performance Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K for the period ended March 31, 2021 (filed May 28, 2021) (file no. 001-38033))
10.29*	Form of Fiscal 2021 Performance Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2020 (filed August 7, 2020) (file no. 001-38033))
10.30*	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 Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
10.31*	Form of Fiscal 2023 Service Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (filed herewith)
10.32*	Form of Fiscal 2022 Service Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the period ended March 31, 2021 (filed May 28, 2021) (file no. 001-38033))
10.33*	Form of Fiscal 2021 Service Based Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2020 (filed August 7, 2020) (file no. 001-38033))

10.34*	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 Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033))
10.35*	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))
10.36*	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))
10.37*	Amendment to the DXC Technology Corporation Severance Plan for Senior Management and Key Employees (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Quarterly Report on Form 10-Q (filed November 8, 2018) (file no. 001-38033))
10.38*	Amendment No. 2 to the DXC Technology Company Severance Plan for Senior Management and Key Employees (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the period ended March 31, 2021 (filed May 28, 2021) (file no. 001-38033))
10.39*	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))
10.40*	Form of Career Share Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.45 to DXC Technology Company's Annual Report on Form 10-K (filed May 29, 2018) (file no. 001-38033))
10.41*	Form of Fiscal 2022 Career Share Restricted Stock Unit Award under the DXC Technology Company 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K for the period ended March 31, 2021 (filed May 28, 2021) (file no. 001-38033))
10.42*	Employment Agreement with Michael J. Salvino (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Current Report on Form 8-K (filed September 12, 2019) (file no. 001-38033))
10.43*	Amendment to Employment Agreement with Michael J. Salvino dated May 27, 2021 (incorporated by reference to Exhibit 10.54 to the Company's Annual Report on Form 10-K for the period ended March 31, 2021 (filed May 28, 2021) (file no. 001-38033))
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
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Management contract or compensatory plan or agreement

**Furnished herewith

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 25, 2022

By: /s/ Kenneth P. Sharp

Name: **Kenneth P. Sharp**

Title: **Executive Vice President and Chief Financial Officer**

Each person whose signature appears below constitutes and appoints Michael J. Salvino and Kenneth P. Sharp, and each or any of them, as his or her true and lawful attorney-in-fact and agent, each acting alone, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments or supplements to this Report, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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
<u>/s/ Michael J. Salvino</u> Michael J. Salvino	President and Chief Executive Officer, Director (Principal Executive Officer)	May 25, 2022
<u>/s/ Kenneth P. Sharp</u> Kenneth P. Sharp	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	May 25, 2022
<u>/s/ Christopher A. Voci</u> Christopher A. Voci	Senior Vice President and Corporate Controller (Principal Accounting Officer)	May 25, 2022
<u>/s/ Ian C. Read</u> Ian C. Read	Chairman	May 25, 2022
<u>/s/ Mukesh Aghi</u> Mukesh Aghi	Director	May 25, 2022
<u>/s/ Amy E. Alving</u> Amy E. Alving	Director	May 25, 2022

<hr/> <i>/s/ David A. Barnes</i> David A. Barnes	Director	May 25, 2022
<hr/> <i>/s/ Raul J. Fernandez</i> Raul J. Fernandez	Director	May 25, 2022
<hr/> <i>/s/ David L. Herzog</i> David L. Herzog	Director	May 25, 2022
<hr/> <i>/s/ Mary Louise Krakauer</i> Mary Louise Krakauer	Director	May 25, 2022
<hr/> <i>/s/ Dawn Rogers</i> Dawn Rogers	Director	May 25, 2022
<hr/> <i>/s/ Manoj P. Singh</i> Manoj P. Singh	Director	May 25, 2022
<hr/> <i>/s/ Carrie Teffner</i> Carrie Teffner	Director	May 25, 2022
<hr/> <i>/s/ Akihiko Washington</i> Akihiko Washington	Director	May 25, 2022
<hr/> <i>/s/ Robert F. Woods</i> Robert F. Woods	Director	May 25, 2022

NON-GAAP RECONCILIATIONS

Free Cash Flow

(in millions)	FY22	FY21
Cash Flow from Operations	\$ 1,501	\$ 124
Less Capital Expenditures:		
Purchase of property and equipment	(254)	(261)
Transition and transformation contract costs	(209)	(261)
Software purchased or developed	(295)	(254)
Free Cash Flow	\$ 743	\$ (652)

Organic Revenue Growth

	FY22	FY21
Total revenue growth	(8.3)%	(9.4)%
Foreign currency	(0.8)%	(1.6)%
Acquisitions and divestitures	6.5 %	2.2 %
Organic revenue growth	(2.6)%	(8.8)%

EBIT and Adjusted EBIT

(in millions)	FY22	FY21
Net income (loss)	\$ 736	\$ (146)
Income tax expense	405	800
Interest income	(65)	(98)
Interest expense	204	361
EBIT	1,280	917
Restructuring costs	318	551
Transaction, separation, and integration-related costs	26	358
Amortization of acquired intangible assets	434	530
Gains on disposition of businesses	(341)	(2,004)
Debt extinguishment costs	311	41
Pension and OPEB actuarial and settlement gains and losses	(684)	519
Impairment losses	31	190
Adjusted EBIT	\$ 1,375	\$ 1,102
EBIT margin	7.9 %	5.2 %
Adjusted EBIT margin	8.5 %	6.2 %

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DXC stockholder information

Stock Information

Common stock symbol: DXC, listed and traded on the New York Stock Exchange. As of May 27, 2022, there were 229,654,849 shares of common stock outstanding and 40,751 stockholders of record.

Transfer Agent and Registrar

All inquiries concerning registered stockholder 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.

Stockholder Correspondence

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 can submit written requests, including requests for DXC filings with the U.S. Securities and Exchange Commission (SEC), to:
20408 Bashan Drive, Suite 231
Ashburn, VA 20147
1.703.245.9700
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 <https://investors.dxc.com/investor-relations>, 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 July 26, 2022 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/DXC2022.

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 presentation 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2022, 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 presentation or to reflect the occurrence of unanticipated events, except as required by law.



About DXC Technology

DXC Technology (NYSE: DXC) helps global companies run their mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. The world's largest companies and public sector organizations trust DXC to deploy services across the Enterprise Technology Stack to drive new levels of performance, competitiveness, and customer experience. Learn more about how we deliver excellence for our customers and colleagues at [DXC.com](https://www.dxc.com).

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