Risk Factors Comparison 2023-05-19 to 2022-05-26 Form: 10-K

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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 **on Form 10- K**. 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~~ **discussed in this section.** ~~other~~ **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~~ **data**. • 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 business and financial results could be materially adversely affected by public health crises**. • 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. • **We are subject to a series of risks relating to climate change and** ~~Natural~~ **natural** disasters ~~may affect~~ **; and increased scrutiny of, and evolving expectations for, sustainability and ESG initiatives could also adversely impact** 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 **disclosure controls and** 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 **that we announced previously**. • 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 **competitively** bid on ~~these~~ **our** 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 **rates,** ~~legislation and our~~ tax ~~rates may materially~~ **laws, and the timing and outcome of tax examinations could** 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. The COVID- 19 crisis has caused...... 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 hacktivists. 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; **compromise, corruption or** 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~~ **or** 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 **or a critical service provider** 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 **, our service providers** and our customers **. For example, continued remote and hybrid working arrangements post- COVID present potentially increased risk associated with security vulnerabilities present in many non- corporate and home networks** . 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~~ **or** 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 **a** 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 **not** 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~~ **that could** 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~~ **took** effect on January 1, 2023 and significantly ~~modifies~~ **modified** 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 **similar** ~~" copycat "~~ laws in other states across the country, such as in Virginia, **Utah, Colorado, and Connecticut with proposed laws being considered in many other states.** New ~~Hampshire, Illinois~~ and **developing** ~~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~~ **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. **Governmental efforts to design and implement lawful cross- border data transfer mechanisms between the EU and US are continuing.** 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~~ **that** 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 **innovative technology** ~~up to date~~ solutions ~~utilizing new technologies~~ that meet evolving customer needs in **analytics, software engineering, applications, business process services,** digital cloud, information technology outsourcing ~~,~~ **and** consulting ~~, industry software and solutions, and application services markets~~ , and in areas such as artificial intelligence, automation, Internet of Things and **software** 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~~ **grow** our **GBS** business ~~across the Enterprise Technology Stack~~ **and expand margins while stabilizing our GIS business** 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~~ **are** 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. **The ongoing conflict between** ~~On February 24, 2022,~~ Russia ~~invaded~~ **and** Ukraine **has** ~~. Although the length, impact~~ **impacted our business** and ~~outcome of the ongoing~~ **financial performance in that region. In response to Russian** military ~~conflict~~ **actions** in Ukraine ~~is highly unpredictable~~ , **we have exited the Russian** ~~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~~ . **Additionally** ~~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~~ **2023** , we had **around 3** ~~more than 4~~ , ~~000~~ **500** employees in Ukraine. We are closely monitoring the developing situation ~~,~~ **and** 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. **For example, in response to increasing inflation, the U. S. Federal Reserve, along with central banks around the world, has been raising interest rates and signaled expectations of additional rate increases. It is difficult to predict the impact of such events on us, our third- party partners or customers or economic markets more broadly, which have been and will continue to be highly dependent upon the actions of governments and businesses in response to macroeconomic events, and the effectiveness of those actions. Such actions may impact our ability, desire, or the timing of seeking funding for various investment opportunities. In addition, volatility and disruption in banking and capital markets can adversely affect our ability to refinance, and increase the cost of refinancing, some or all of our debt. Disruptions in the financial markets can also adversely affect our lenders, insurers, customers, and other counterparties. Our total liquidity depends in part on the availability of funds under the revolving credit facility and our other financing agreements. The failure of any lender' s ability to fund future draws on our revolving credit facility or our other financing arrangements could reduce the amount of cash we have available for operations and additional capital for future needs.** 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." **Our** ~~adverse effect on our~~ business and **financial** results ~~of operations~~ **have been adversely affected and could continue to be materially adversely affected by public health crises.Public health crises,such as the COVID- 19 pandemic,have caused disruptions in global economies,financial and commodities markets and rapid shifts in governmental and public health policies** .Negative impacts ~~that~~ **to our business** have occurred, ~~or~~ **and** may occur in the future, ~~include~~ **including** 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~~ **continue to** 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 **induced by COVID- 19 or any other public health crisis** ,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~~ **We continue to evaluate the extent to which the COVID- 19 crisis and other emerging developments will impact us and our employees,customers and suppliers in the future.To the extent the COVID- 19 crisis and the resulting economic disruption continue to adversely affect our business and** financial results **,it** may also ~~be materially and~~ **have the effect of heightening many of the other risks described in this " Risk Factors " section.** 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~~ **4** . ~~0~~ **4** billion as of March 31, ~~2022~~ **2023** (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; **for instance, the U. S. Federal Reserve, along with central banks around the world, has raised benchmark interest rates and signaled expectations of additional rate increases;** • increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability for debt financing; • **reducing** ~~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 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. 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. 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. **We are subject to a series of risks relating to climate change and natural disasters, which may affect our worldwide business operations and financial results. There are inherent climate- related risks wherever business is conducted.** Climate change increases both the frequency and severity of **meteorological phenomena, extreme weather events and** natural disasters **(including, but not limited to, storms, flooding, drought, wildfire, and extreme temperatures)** that may affect our worldwide business operations **or those of our suppliers,**

require us to incur additional operating or capital expenditures or otherwise adversely impact our business, financial condition or results of operations. Climate change may impact the frequency and / or intensity of such events, as well as contribute to chronic physical changes, such as shifting precipitation or temperature patterns or rising sea- levels, which may also impact our operations or infrastructure on which we rely . 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. **While we may take various actions to mitigate our business risks associated with climate change, this may require us to incur substantial costs and may not be successful, due to, among other things, the uncertainty associated with the longer- term projections associated with managing climate risks.** Any of the foregoing could have a material adverse effect on our financial condition and results of operations. **Additionally, we expect to be subject to increased regulations, reporting requirements, standards or expectations regarding the environmental impacts of our business. For more information, see our risk factor " 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. " Increased scrutiny of, and evolving expectations for, sustainability and ESG initiatives could increase our costs, harm our reputation, or otherwise adversely impact our business. We, as with other companies, are facing increasing scrutiny related to our ESG practices and disclosures from certain investors, capital providers, shareholder advocacy groups, other market participants, customers, and other stakeholder groups. With this increased focus, public reporting regarding ESG practices is becoming more broadly expected. Such increased scrutiny may result in increased costs, enhanced compliance or disclosure obligations, or other adverse impacts on our business, financial condition or results of operations. While we may at times engage in voluntary initiatives (such as voluntary disclosures, certifications, or goals, among others), such initiatives may be costly and may not have the desired effect. For example, expectations around company' s management of ESG matters continue to evolve rapidly, in many instances due to factors that are out of our control. In addition, we may commit to certain initiatives or goals and we may not ultimately be able to achieve such commitments or goals due to cost, technological constraints, or other factors that are within or outside of our control. Certain of our commitments, goals and other ESG- related disclosures are based on estimates, including, for example, our risk cost estimates disclosed in our voluntary climate change disclosures, and, even though we currently do not expect such costs to be material, they may attract regulatory or stakeholder attention or result in additional disclosure requirements in the future. Moreover, actions or statements that we may take based on expectations, assumptions, or third- party information that we currently believe to be reasonable may subsequently be determined to be erroneous or be subject to misinterpretation. Even if this is not the case, our current actions may subsequently be determined to be insufficient by various stakeholders. If our ESG practices and reporting do not meet investor, consumer, employee, or other stakeholder expectations, which continue to evolve, our brand, reputation and customer retention may be negatively impacted, and we may be subject to investor or regulator engagement regarding such matters, even if they are currently voluntary. Certain market participants, including major institutional investors, use third- party benchmarks or scores to measure our ESG practices in making investment and voting decisions. As ESG best practices, reporting standards and disclosure requirements continue to develop, we may incur increasing costs related to ESG monitoring and reporting. In addition, new sustainability rules and regulations have been adopted and may continue to be introduced in various states and other jurisdictions. Sustainability and ESG- related regulations are evolving rapidly, and operating in more than one jurisdiction is likely to make our compliance with ESG and sustainability- related rules more complex and expensive, and potentially expose us to greater levels of legal risks associated with our compliance. Our failure or inability to comply with any applicable rules or regulations could lead to penalties and adversely impact our reputation, customer attraction and retention, access to capital and employee retention. Such ESG matters may also impact our suppliers and customers, which may augment or cause additional impacts on our business, financial condition or 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. **As** ~~The markets we serve are highly competitive and~~ competition for **highly** skilled employees in **our industry has grown increasingly** ~~the technology outsourcing, consulting, and systems integration and enterprise services markets is~~ intense ~~for both onshore~~ **, we have experienced,** and ~~offshore locales~~ **may continue to experience, higher than anticipated levels of employee attrition. These risks to attracting and retaining the necessary talent may be exacerbated by recent labor constraints and inflationary pressures on employee wages and benefits** . 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 **reduce spending or** 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, **and we may have difficulty closing new deals in the event of an economic slowdown,** 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~~ **70** % of revenues earned during fiscal ~~2022~~ **2023** 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 **that use a different currency from where we generate our revenue** . 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 **, which became** ~~. The TCA took effect~~ **effective in** ~~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~~ **requires** 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~~ **His** 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~~ **requests for proposal** 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~~ **For example, the SEC has published proposed rules that would require companies to provide significantly expanded climate- related disclosures in their periodic reporting, which may require us to incur significant additional costs to comply and impose increased oversight obligations on our management and board of directors. Other** 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 **that could impact our results of operations** . 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. **For more information, see our risk factor " Increased scrutiny of, and evolving expectations for, sustainability and ESG initiatives could increase our costs, harm our reputation, or otherwise adversely impact 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 **. Furthermore, even if we are successful with our cost- takeout efforts, we may not see the benefits of such efforts on our financial condition, results of operations and cash flows** . 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~~ **13** -" 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. 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 **economic downturns, the rising inflation, 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. The Sarbanes- Oxley Act of 2002 and the related regulations **require we maintain effective disclosure controls and procedures and** 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 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. **Our Board may authorize share repurchases from time to time.** On ~~April 3~~ **May 18** , **2023** ~~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~~ **1** . 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~~ ' **s** 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~~ **21** -" 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~~ **15** – " 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. **Our customers'** ~~Contracts~~ **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. **Our customers'** ~~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. Additionally, any future impasse impacting the U. S. federal government' s ability to reach an agreement on the federal budget, debt ceiling or any future U. S. federal government shut downs could result in material payment delays, payment reductions or contract terminations by the U. S. federal government, which in turn may adversely impact the results of operations and financial condition of our government contractor customers and cause those customers to become unable to meet their obligations under contracts with us, or reduce their demand for our products and services, which could have an adverse effect on our** 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~~ **nor** 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 **in** 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 **with us** ; • 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~~ **resources** 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~~ **The 2017 Tax Cuts & Jobs Act (" TCJA")** 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~~ , **while other changes, such** as ~~well as interpretations and implementing regulations by~~ the **requirement to capitalize research** ~~U. S. Department of the Treasury~~ and **development costs became effective** ~~Internal Revenue Service (" IRS"), any of which could lessen or~~ **for** ~~increase certain impacts of the legislation. In addition, state and local jurisdictions continue to issue guidance on how these U. S. federal income~~ tax **years beginning after December 31** ~~changes will affect state and local taxation~~ , **2021 and became applicable to the Company** ~~which often uses federal taxable income as a~~ starting **in fiscal year 2023** ~~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 **timing and** 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 **or tax policy initiatives and reforms under consideration, such as those reflected in the OECD / G20 Inclusive Framework on Base Erosion and Profit Sharing or other projects. In January 2019, the Organization for Economic Co- operation and Development (" OECD ") announced further work in**

continuation of its Base Erosion and Profit Shifting project, focusing on two “ pillars. ” Pillar One provides a framework for the reallocation of certain residual profits of multinational enterprises to market jurisdictions where goods or services are used or consumed. Pillar Two consists of two interrelated rules referred to as Global Anti- Base Erosion (“ GloBE ”) Rules, which operate to impose a minimum tax rate of 15 % calculated on a jurisdictional basis. More than 135 member countries of the OECD / G20 Inclusive Framework on BEPS have signed onto a political agreement on the key parameters of the two pillars, which was reached in October 2021. This agreement targeted completion of the work by the members in 2022, and law enactment to take effect, generally, in 2023 with applicability from fiscal years beginning on or after December 31, 2023. On December 20, 2021, the OECD published model rules to implement the GloBE rules and released commentary to those rules in March 2022. The model rules and commentary allow the OECD’ s Inclusive Framework members to begin implementing the GloBE rules in a manner consistent with the agreement reached in October 2021. EU Member States recently adopted a directive that implements the GloBE rules in the EU. Luxembourg as an EU Member State will be required to transpose the directive into domestic legislation by the end of 2023, with application as of 2024. Work on Pillar One is continuing and is now targeting completion by mid- 2023 for entry into force as of 2024. Certain components of Pillar Two are still being worked on. These changes, if and when agreed and enacted by various countries in which we do business, may increase our taxes in these countries. The timing and ultimate impact of any such changes on our tax obligations is uncertain . 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 **of 1986, as amended** (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. 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 **then** 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. 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.