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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

IN RE HEWLETT PACKARD ENTERPRISE CO. SHAREHOLDER LITIGATION	Lead Case No. 19CV353132 <u>CLASS ACTION</u>
This Document Relates To: ALL ACTIONS	**SECOND AMENDED CONSOLIDATED COMPLAINT FOR VIOLATIONS OF THE SECURITIES ACT OF 1933, 15 U.S.C. §77a, *et seq.*** Assigned to the Hon. Sunil R. Kulkarni

Plaintiffs, individually and on behalf of all others similarly situated, allege the following based upon personal knowledge as to Plaintiffs and their own acts, and upon information and belief as to other matters based on the investigation conducted by and through Plaintiffs' attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission ("SEC") filings by Hewlett Packard Enterprise Company ("HPE"), DXC Technology Company ("DXC" or the "Company"; f/k/a Everett SpinCo, Inc.), and Computer Sciences Corporation, Inc. ("CSC"), as well as Company press releases and media and analyst reports concerning the Company.

SUMMARY OF THE ACTION

1. This is a securities class action on behalf of all persons who acquired DXC common stock in exchange for CSC securities pursuant to the S-4 registration statement, 424B3 prospectus, and materials incorporated therein (collectively, the "Registration Statement" or "Offering Materials") issued in connection with the April 2017 transaction by which HPE's Enterprise Services business segment was spun off and merged with CSC to form DXC (the "Merger"). Plaintiffs assert non-fraud, strict liability claims under §§11, 12, and 15 of the Securities Act of 1933 ("1933 Act" or "Securities Act") against HPE, DXC, and certain current and former officers and directors of HPE, DXC, and CSC.

2. HPE is a technology company based in Palo Alto, California. In April 2017, HPE consummated the Merger, spinning off its Enterprise Services business segment, merging it with CSC, and forming the company now known as DXC, which provides information technology consulting services to businesses nationwide.

3. In connection with the Merger, DXC – then known as Everett SpinCo, Inc. – issued over 140 million new shares of DXC common stock to former CSC shareholders. Each former shareholder of CSC common stock received one share of new DXC common stock in exchange for each share of CSC common stock held immediately prior to the Merger. Through this exchange, former CSC shareholders received 141,298,797 shares of DXC common stock, representing 49.9% of outstanding DXC common shares. The new shares of DXC common stock were registered, issued, and solicited pursuant to the Offering Materials.

4. The Offering Materials issued to pitch the Merger were materially false and misleading and omitted material facts required to be disclosed under governing SEC regulations. Foremost, the Offering Materials misrepresented the nature, extent, and severity of the incoming management team's touted $1 billion "workforce optimization" plan, characterizing it as targeting "duplicative" employees to "optimize" the Company's workforce, "improve execution in sales performance," "enhance . . . [the Company's] ability to provide value to its customers through a broader range of resources and expertise," "retain" workers "with the skills necessary to serve their customers," and thereby achieve billons in "synergies" and increased goodwill.

5. In truth, Defendants' plan was fundamentally different. Rather, than cutting $1 billion worth of duplicative employees, Defendants planned a $2.7 billion mass layoff of DXC's older, most essential and experienced employees, offloading their higher salaries to inflate reported earnings ahead of tens of millions of dollars in insider sales.

6. As has since been revealed and detailed by countless former employees nationwide, collectively on behalf of thousands of similarly situated since fired former employees, DXC implemented a policy and practice that targeted employees aged 40 years and older through a pattern and practice of unlawful and discriminatory terminations. This mass layoff plan was promoted and perpetuated by Defendants ahead of and in the immediate wake of the Merger and thereby facilitated a policy specifically favoring younger employees over, and to the detriment of, older, more experienced (and thus more expensive) employees. Moreover, by executing their plan to enforce an undisclosed policy of disproportionately terminating and not rehiring their most experienced workers, Defendants dramatically cut costs in the short terms ahead of insider sales. But over the months and years following the Merger, the consequences of the undisclosed mass layoff plan were predictable: an impaired workforce without the experience, know-how, capabilities, and customer relationships necessary to effectively service, maintain and develop DXC's business.

7. Indeed, as alleged by a host of former DXC employees - across an array of age discrimination, employment class action, and other lawsuits filed in the wake of the Merger – DXC's workforce reduction plan was in truth a scheme to terminate older, more experienced, higher paid

employees in favor of younger, less experienced, and less expensive employees, all with an aim of dramatically cutting salaries and other overhead expenses in the short term regardless of the foreseeably severe and negative impact on operations and revenue going forward.

8. Each wave of DXC terminations targeted the older, more experienced and essential (yet higher paid) employees, even though those employees were critical to DXC's ongoing operational effectiveness. Internally, DXC's termination method was called "greening." It meant replacing critical knowhow, experience, and customer relationships of older, senior employees with younger, cheaper, inexperienced employees lacking the training and capability to service clients effectively, thereby cutting costs in the immediate term but crippling the business going forward. As such, far from "optimized," the actual (but undisclosed) plan was earnings management in disguise – age- and quota-driven cuts that would terminate tens of thousands of DXC's older, more experienced, and most important (and highest paid) workers, sacrificing long-term operational capacity and expertise. The severe, discriminatory cuts hollowed out the most essential elements of DXC's workforce, crippling sales, operations, and customer servicing after the Merger, and thereby undercutting any prospect of achieving the synergies and goodwill touted in the Offering Materials.

9. As former DXC employees would later admit, the actual plan and its undisclosed nature and severe risks were discussed among Company executives before the Merger. Ahead of the Merger, particular senior (i.e., over-40) employees had already been marked for termination, and Defendants had already retained a consulting firm to begin executing the planned mass layoff of older, higher paid employees immediately after the Merger. Indeed, within days of the Merger close, Defendants began disproportionately terminating older, more experienced (but in truth essential) employees *en masse*.

10. And as the Company shed its older, experienced, and thus essential workforce, it quickly lost the ability to meet commitments to customers and lost new business opportunities. Customers could no longer rely on DXC's hobbled remaining workforce to meet its obligations and thus turned instead to "insourcing," hiring the employees terminated by DXC because those former employees were essential to the customers' objectives. DXC lost considerable business as a result.

For example, DXC terminated all employees with knowledge of longtime customer Baker & Taylor's data system. Almost immediately after the Merger, that client's ordering system went inoperative for several days, resulting in nearly $10 million in lost orders. DXC had to pay Baker & Taylor nearly half a million dollars and lost future opportunities.

11. Furthermore, DXC's age and quota-driven (not "optimized") terminations of experienced and essential (not "duplicative") employees and consequent inability to service its customers undercut the Company's ability to recruit the highly skilled employees necessary to restore the Company's reputation and long-term viability—and ultimately to recruit qualified workers at all. The Company's Chief Technology Officer for the Americas Region following the Merger later admitted that DXC's gutted workforce and worsening reputation left the Company resorting to "B or C" candidates or paying inflated rates for contractors.

12. The discriminatory age- and experience-based layoffs did nothing to "improve operating efficiency," but rather inflated reported earnings over the short term and thus boosted DXC's stock price for a short period of time. Individual Defendants who were motivated by the financial implications of the Merger and the related offering, held tens of millions of dollars in in-the-money stock options as of the Merger, including Defendant Michael Lawrie, who alone exercised stock options to gain over $10 million in personal profits not long after the Merger. As detailed below, ***inflated insider sales by Defendants Lawrie, Whitman, and several other high level DXC officers and directors generated over $83 million in unjust enrichment.***

13. The foreseeable impact of the undisclosed plan to cut and fire workers based on age and experience instead of operational ability was to impede DXC's ability to deliver on its client contracts. For as the Company's most experienced and valuable employees – with irreplaceable knowhow and longstanding customer relationships—were terminated *en masse*, DXC missed numerous service level agreement targets, and customers abandoned the Company in consequence. Even though DXC's failure to achieve service level agreement targets triggered "for cause" termination clauses in the Company's contracts with customers, DXC leadership dismissed repeated and alarming inquiries from concerned employees. As a direct result, shortly after the Merger the

Company soon began to hemorrhage customers. The undisclosed nature, purpose, and extent of Defendants' cost reduction plan also impaired DXC's ability to service new business. DXC closed deals it ultimately could not fulfill because it lacked the requisite personnel. Closing any deals at all also became more difficult with sales representatives unable to obtain technical help from the rapidly decreasing pool of experienced subject matter experts. As Stephen J. Hilton, DXC's former Executive Vice President and Head of Global Delivery, later admitted, DXC's draconian age-, quota, and experience-driven layoff plan was foreseeably "***disastrous for DXC's long-term revenue***."

14. Defendants were required to disclose these material facts in the Offering Materials for at least three independent reasons. First, SEC Regulation S-K, 17 C.F.R. §229.303 ("Item 303"), required disclosure of any known events or uncertainties that had caused or were reasonably likely to cause DXC's disclosed financial information not to be indicative of future operating results. Defendants' planned quota-driven firings of tens of thousands of critical, non-duplicative employees based on age discrimination and earnings management, not only targeted the older, most knowledgeable, longer-tenured (and hence more costly) senior personnel but, moreover, the across-the-board termination of older, more experienced and essential employees prevented DXC from performing its contracts, predictably leading to a backlash from dissatisfied customers and materially and adversely affecting DXC's financial results and prospects. Company insiders later admitted that the mass layoff plan existed and was known and discussed among Defendants before the Merger. Before the Merger, the plan for mass firings of older workers had already been decided and thus was already certain to hollow out the Company after the Merger, eliminating its older and most experienced employees. These undisclosed trends, events, and their likely consequences, were known at the time and thus Item 303 required disclosure.

15. Second, SEC Regulation S-K, 17 C.F.R. §229.105 ("Item 105"), required, in the "Risk Factor" section of the Offering Materials, (a) a discussion of the most significant factors that made the offering risky or speculative and (b) an adequate description of each risk factor. The Offering Materials' discussion of risk factors did not mention the likely risks and impact of the drastic mass layoff and earnings management plan – targeting older, over-40, higher paid employees

to be replaced with younger, cheaper, inexperienced employees – already decided before the Merger and ready to drop after the Merger.

16. Third, Defendants' failure to disclose the nature and extent of the planned age-and quota-driven cost-cutting and earnings management measures, and their likely impact, rendered false and misleading the Offering Materials' numerous references to known risks that, "***if***" they occurred, "***may***" or "***could***" affect the Company. These "risks" were, in truth, already near certainties at the time of the Merger. Indeed, by affirmatively touting the incoming management team's "workforce optimization" plan, purported "synergies," and the like, Defendants were required to disclose the materially different nature, extent, and severity of the actual planned cuts. In truth, Defendants were already planning a mass layoff of DXC's older, most essential and experienced employees, offloading their higher salaries to juice reported earnings ahead of tens of millions of dollars in insider sales.

17. With these material misrepresentations and omissions in the Offering Materials, Defendants were able complete the Merger. But as the consequences of Defendants' severe age- and quota-driven mass layoff and earnings management plan (and the fact of Defendants misrepresentations and omission in the Offering Materials) gradually emerged across a series of partial revelations, including SEC filings, Company admission, journalist exposes, analyst reports, and lawsuits and admissions from former and current employees, the price of DXC shares declined sharply. DXC shares have since traded as low as $26.02 per share – ***a decline of more than 50%*** from the approximately $59 share price on the exchange date for the Merger.

18. By this action, investors seek to recover the losses suffered as a result of Defendants' materially misleading and incomplete Offering Materials issued in connection with the Merger.

JURISDICTION AND VENUE

19. This Court has original subject matter jurisdiction under the California Constitution, Article VI, Section 10. Removal is barred by Section 22 of the 1933 Act.

20. This Court has personal jurisdiction and venue is proper in this county under California Code of Civil Procedure §410.10 because certain Defendants are headquartered or

otherwise reside within California and this county, Defendants drafted the Offering Materials in part in this county, Defendants and their agents affirmatively solicited the subject securities and Offering Materials and disseminated the alleged false and misleading statements and omissions to investors in California and this county, and those contacts with California are substantially connected to the claims asserted in this complaint.

21. This Court is a proper venue under California Code of Civil Procedure §395.

PARTIES

22. Plaintiffs Jason McLees and Palm Tran, Inc. Amalgamated Transit Union Local 1577 Pension Plan directly acquired DXC shares in the Merger in exchange for CSC shares pursuant to the Registration Statement and were damaged thereby.

23. Defendant HPE is a technology company incorporated under the laws of Delaware and headquartered in Palo Alto, California. In connection with the Merger, HPE spun off its Enterprise Services business segment, merging it with CSC to form DXC. HPE orchestrated, negotiated, and controlled the Merger. Before the Merger, HPE was the sole controlling shareholder of DXC. After the Merger, HPE shareholders held a controlling majority (approximately 50.1%) of the outstanding common shares of DXC. HPE exercised its control over DXC and the Merger by designating HPE employee representatives as officers and directors of DXC, who, within the scope of their employment with HPE, reviewed, contributed to, signed, or agreed to be named as incoming officer and director designees in the Registration Statement. At the behest of HPE, Defendant Margaret C. Whitman pitched the Merger to investors virtually and in conference calls and other meetings, with an electronic presentation containing false and misleading statements alleged herein. HPE designated numerous personnel in a working group for the Merger and related offering, including its CEO and CFO, each of whom not only reviewed and approved the Offering Materials, but also pitched investors at HPE's, DXC's and CSC's behest in virtual presentations, conference calls and other meetings according to a PowerPoint and talking points/script that was reviewed and approved by HPE, in particular HPE's CEO and CFO and other HPE personnel. The presentation was also recorded and broadcast via a link accessible in HPE's and CSC's SEC filings incorporated

into the Offering Materials that HPE promoted to investors. Through HPE's SEC filings incorporated into the Offering Materials, including those SEC filings that contained that link and references to information on HPE's website, investors were provided information to facilitate investing in DXC and the Merger. HPE conducted presentations concerning the Merger and invited investors to presentations and conference calls concerning the Merger because it was motivated by its financial interests and the financial interests of others identified herein served by the Merger and the related offering. Indeed, HPE incentivized those with significant responsibilities in connection with the Merger with compensation that became effective as of the time of the Merger.

24. Defendant DXC is a technology company formed from the Merger of HPE's Enterprise Services business with CSC. DXC is incorporated under the laws of Delaware and, at the time of the Merger, was headquartered in Palo Alto, California. DXC's common stock trades on the NYSE Stock Exchange under the ticker symbol "DXC." At the behest of DXC, Defendant J. Michael Lawrie pitched the Merger to investors virtually and in conference calls and other meetings, with an electronic presentation containing misstatements and misleading statements alleged herein. DXC designated numerous personnel in a working group for the Merger and related offering, including its CEO, each of whom not only reviewed and approved the Offering Materials, but also pitched investors at HPE's, DXC's and CSC's behest in virtual presentations, conference calls and other meetings according to a PowerPoint and talking points/script that was reviewed and approved by DXC, in particular DXC's CEO and other DXC and CSC personnel. The presentation was also recorded and broadcast via a link accessible in CSC's and HPE's SEC filings that DXC promoted to investors by among (other things) incorporating those filings into DXC's Offering Materials. Through the Offering Materials, which incorporated CSC's and HPE's SEC filings containing that link and references to CSC's website, investors were provided information to facilitate investing in DXC and the Merger. DXC conducted presentations concerning the Merger and invited investors to presentations and conference calls concerning the Merger because it was motivated by its financial interests and the financial interests of others identified herein served by the Merger and the related offering. Indeed, DXC incentivized those with significant responsibilities in connection with the

Merger with compensation that became effective as of the time of the Merger.

25. Defendant Rishi Varna is, and at all relevant times has been, an employee and General Counsel to HPE. At the time of the Merger, in his capacity as an employee representative of HPE, he served as DXC's President, Secretary, and Principal Executive Officer, and as a Director on the DXC Board. In his capacity as an employee representative of HPE, he signed, reviewed, and contributed to the Registration Statement.

26. Defendant Timothy C. Stonesifer was, at all relevant times, the Chief Financial Officer ("CFO") of HPE. At the time of the Merger, in his capacity as an employee representative of HPE, he served as DXC's CFO and as a Director on the DXC Board. In his capacity as an employee representative of HPE, he signed, reviewed, and contributed to the Registration Statement.

27. Defendant Jeremy K. Cox served, at the time of the Merger, as a Director on the DXC Board. He signed, reviewed, and contributed to the Registration Statement.

28. Defendant Mukesh Aghi consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement. Aghi acquired 8,700 shares of DXC common stock in connection with the Merger.

29. Defendant Amy E. Alving consented to be and was in fact named in the Registration Statement as an incoming Director. She reviewed and contributed to the Registration Statement.

30. Defendant David Herzog consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He signed, reviewed, and contributed to the Registration Statement.

31. Defendant Sachin Lawande consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement. Lawande acquired 10,687 shares of DXC common stock in connection with the Merger.

32. Defendant J. Michael Lawrie consented to be and was in fact named in the Registration Statement as the incoming Chairman of the DXC Board, as well as the incoming President and Chief Executive Officer of DXC. Defendant Lawrie is the former President and Chief Executive Officer of CSC. He participated in making the statements contained in the Registration

Statement. DXC's SEC filings state that because "Mr. Lawrie takes an active approach to overseeing and managing our global operations, which necessitates a significant amount of U.S. domestic and international travel due to our diverse set of business and operations centers and many client locations around the world," he has at his disposal "DXC owned or leased aircraft for business purposes." At the behest of DXC and CSC, Lawrie reviewed, edited and approved the Offering Materials and the investor presentations, talking points and script, in addition to participating in making false and misleading statements in investor presentations as CSC's CEO and DXC's incoming CEO and Chairman of the Board. Lawrie was motivated by the financial implications of the Merger and related offering given his financial stake in CSC and DXC, which included securities that could be sold (or converted and sold) to investors in or after the Merger and related Offering. Immediately prior to the Merger, Defendant Lawrie beneficially owned at least hundreds of thousands of shares of CSC's common stock, and acquired DXC shares in connection with the Merger that added to his CSC holdings significantly and totaled over 868,000 shares. After the Merger, as alleged herein, Lawrie sold over 110,000 of those shares following the Merger for proceeds of over $10.2 million. Lawrie was also motivated by the financial implications of the Merger and related offering for DXC, CSC, HPE, and CSC's and HPE's top officers, who acquired hundreds of thousands of shares of DXC common stock as a result of the Merger.

33. Defendant Lawrie was also personally involved in developing the age- and quota-driven mass layoff plans implemented at both CSC and DXC. The Equal Employment Opportunity Commission filed a lawsuit against CSC in December 2020 alleging that between 2012 and 2014, CSC engaged in a nation-wide pattern or practice of discharging employees aged 40 and over because of their age. *See EEOC v. Computer Science Corp.*, 20-cv-10372-SHS (S.D.N.Y. Dec. 9, 2020). The Equal Employee Opportunity Commission ("EEOC") further averred that CSC's then-CEO, Michael Lawrie, "stated his desire for younger workers by using buzzwords like 'transforming' the company, looking to be 'more agile,' and bringing in 'high energy' people." Moreover, under his leadership, "[CSC's] desire for a younger workforce was communicated down the company's chain of command and guided the selection of employees for [reductions in force.]"

34. DXC initially rejected the EEOC's pre-litigation settlement efforts. The lawsuit resulted in a $700,000 settlement and a two-year consent decree requiring DXC, as CSC's parent company, to review and revise layoff procedures to ensure compliance with federal laws protecting older workers. This non-compliance and the EEOC's ongoing concern at DXC is telling. It is clear that Defendant Lawrie brought this same ageist, cost-cutting strategy to the Merger in 2017.

35. Defendant Julio A. Portalatin consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement.

36. Defendant Peter Rutland consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement. Rutland acquired 9,800 shares of DXC common stock in connection with the Merger.

37. Defendant Manoj P. Singh consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement.

38. Defendant Margaret C. Whitman consented to be and was in fact named in the Registration Statement as an incoming DXC Director. As of the Merger, Ms. Whitman had served as President and Chief Executive Officer of Hewlett Packard Enterprise since November 2015. Prior to that, Ms. Whitman served as President, Chief Executive Officer, and Chairman of Hewlett-Packard Company from July 2014 to November 2015 and President and Chief Executive Officer of Hewlett-Packard Company from September 2011 to November 2015. At all relevant times, Whitman owed fiduciary duties of care, loyalty, and good faith to HPE, the HPE Board, and HPE shareholders.

39. In her capacity as HPE CEO, Whitman personally participated in the HPE Board discussions and strategic planning meeting that conceived, considered, and provided the impetus for the Merger. For example, Whitman personally participated in a January 27, 2016 meeting at which the HPE Board and senior management reviewed the potential divestiture of the Enterprise Services business, including through a spin-off, a merger transaction, and a spin-off and merger, including

consideration of structuring a transaction involving CSC and the Enterprise Services business. In connection with such discussion, the HPE Board of Directors instructed management to explore all potential strategic transactions regarding the Enterprise Services business.

40. Whitman also personally participated in meetings of the HPE Board on March 23, 2016 and March 24, 2016 during which she and the HPE Board reviewed and discussed long-term corporate strategy, including further exploration of a divestiture of the Enterprise Services business, and, following extensive discussion, she and the HPE Board decided to continue exploring a transaction with CSC. On March 29, 2016, at the direction of the HPE Board, representatives of HPE contacted CSC to propose a meeting among Whitman, HPE Executive Vice President and Chief Operating Officer Christopher P. Hsu, Defendant Lawrie, and Paul N. Saleh, CSC's then Executive Vice President and CFO. These conversations led to a meeting on April 1, 2016, at which Whitman and Hsu discussed with Lawrie and Saleh potential advantages of a transaction between the CSC and HPE involving HPE's Enterprise Services business.

41. Also, in her capacity as CEO of HPE, Whitman personally participated in the HPE Board meeting on April 11, 2016, at which she and the Board reviewed the potential separation of the Enterprise Services business, a potential combination of that business with CSC, the requisite due diligence to complete such a transaction and the potential timeline for completing it. In connection with those discussions, the HPE Board of Directors instructed Whitman and other members of senior HPE management to continue to evaluate such a transaction and to begin negotiation of key terms with CSC. Throughout April and May 2016, Whitman and other senior HPE management negotiated with CSC the final terms and definitive transaction structure and documents for the Merger. Among the final terms secured through Whitman's negotiation on behalf of HPE was an agreement that HPE would be entitled to designate five out of ten members of the post-Merger DXC Board and, further, that HPE would have a hand in selecting all ten Board members through a joint selection process led by a four-person committee of HPE CEO Whitman, HPE Board Chair Patricia F. Russo, Lawrie, and Rutland. HPE exercised this power to designate Whitman in the Registration Statement as an incoming member of the post-Merger DXC Board.

42. In her capacity as HPE CEO and within the scope of her role as an employee representative of HPE on the DXC Board, Whitman was personally involved in the negotiation, execution, and implementation of the Merger. In her capacity as CEO and within the scope of her role as an employee representative of HPE, she participated in making the statements contained in, and was named as an incoming DXC Director in, the Registration Statement, all at HPE's behest. Furthermore, at the behest of DXC and HPE, Whitman reviewed, edited and approved the Offering Materials and the investor presentations, talking points and script, in addition to participating in making false and misleading statements in investor presentations as HPE's CEO and DXC's incoming director. Whitman was motivated by the financial implications of the Merger personally and for the benefit of HPE, given HPE's decision it was beneficial to spin off and her financial stake in HPE and DXC, which included over 65,000 shares of DXC common stock that were acquired by Whitman in connection with the Merger. Whitman sold nearly all of those shares shortly after the Merger, for proceeds of over $4.4 million. Whitman was also motivated by the financial implications of the Merger and related offering for DXC, CSC, HPE, and CSC's and HPE's top officers, who also acquired hundreds of thousands of shares of DXC common stock as a result of the Merger.

43. Defendant Whitman was also personally involved in developing the discriminatory age- and quota-driven mass layoff plans implemented at both HPE and DXC. Across an array of analyst calls and public interviews, Defendant Whitman candidly admitted this objective when discussing the need to change the company's "labor diamond" into a "labor pyramid" or a "quite flat triangle" with large numbers of young people at its base. For example, during an HP Securities Analyst Meeting, Defendant Whitman said:

> [A]s we think about our overall labor pyramid at Hewlett-Packard, we need to return to a labor pyramid that really looks like a triangle where you have a lot of early career people who bring a lot of knowledge who you're training to move up through your organization, and then people fall out either from a performance perspective or whatever.
>
> And over the years, our labor pyramid doesn't look—has become not a triangle. It's become a bit more of a diamond. And ***we are working very hard to recalibrate and reshape our labor pyramid so that it looks like the more classical pyramid*** that you should have in any company and particularly in ES. If you don't have ***a whole host of young*** people who are learning how to do delivery or learning how to do these kinds of things, you will be in [for] real challenges.

* * *

> Now, that's not something that changes like that. Changing the same shape of your labor pyramid takes a couple of years, but we are on it, and ***we're amping up our early career hiring, our college hiring***. And we put in place an informal rule to some extent which is, listen, when you are ***replacing*** someone, really think about the new style of IT skills. (emphasis added.)

44. At another Securities Analyst Meeting, Defendant Whitman reiterated her position that her goal was to create a "labor pyramid" that was "quite flat," stating:

> We have to fundamentally recreate the labor pyramid. Many of you heard me say our labor pyramid in Enterprise Services looks like a diamond and it needs to look like a triangle and quite frankly it needs to look like a quite flat triangle to be competitive.

45. Defendant Whitman would later again declare publicly during an interview on CNBC that the goal was to get younger:

> Interviewer: You did announce significant job cuts about a month or so ago. . . . Is that going to be it for HP?
>
> Ms. Whitman: That should be it. That will allow us to right-size our Enterprise Services business . . . to make sure that we've got a labor pyramid with ***lots of young people*** coming in right out of college and graduate school and early in their careers. That's an important part of the future of the company. . . . (emphasis added).

46. Among other things, Defendant Whitman has also been quoted describing the termination plans as follows:

- ". . . we need to return to a labor pyramid that really looks like a triangle where you have a lot of early career people who bring a lot of knowledge who you're training to move up through your organization, and then people fall out either from a performance perspective or whatever."
- "And over the years, our labor pyramid . . . [has] become a bit more of a diamond. And we are working very hard to recalibrate and reshape our labor pyramid so that it looks like the more classical pyramid that you should have in any company and particularly in ES. If you don't have a whole host of young people who are learning how to do delivery or learning how to do these kinds of things, you will be in [for] real challenges."
- "It also ***helps us from a cost perspective*** . . . if your labor pyramid isn't the right shape, you're carrying a lot of extra cost. The truth is we're still carrying a fair amount of extra costs across this company because the overall labor pyramid doesn't look the way it should."
- "Now, that's not something that changes like that. Changing the same shape of your labor pyramid ***takes a couple of years***, but we are on it, and we're [r]amping up our early career hiring, our college hiring. And we put in place an informal rule to some extent which is, listen, when you are replacing someone, really think about the new style of IT skills."

- "That should be it. I mean, that will allow us to right size our enterprise services business [i.e, the segment that former DXC by way of the Merger] to get the right onshore/offshore mix, to ***make sure that we have a labor pyramid with lots of young people*** coming in right out of college and graduate school and early in their careers. That's an important part of the future of the company . . . This will take another couple of years and then we should be done."

47. Defendant Whitman's candid admissions have formed the basis of numerous discrimination lawsuits against HPE and DXC before and since the Merger.

48. Defendant Robert F. Woods consented to be and was in fact named in the Registration Statement as an incoming DXC Director. He reviewed and contributed to the Registration Statement. Woods acquired 9,800 shares of DXC stock in connection with the Merger.

49. The Defendants named in ¶¶25-48 are referred to herein as the "Individual Defendants." Each Individual Defendant signed or was identified as current or incoming director (or person performing similar functions) in the Registration Statement, solicited the purchase of securities issued pursuant thereto, planned and contributed to the Merger and Offering Materials, and attended promotional events to meet with and present favorable information to HPE and CSC investors.

DEFENDANTS' FALSE AND MISLEADING OFFERING MATERIALS

50. On November 2, 2016, Defendants filed with the SEC on Form S-4 a draft Registration Statement to register the DXC shares to be issued and exchanged in the Merger. Defendants' further filings included amendments in response to SEC comments, including comments from the SEC stressing the importance of adequately disclosing material trends and risk factors as required by Items 303 and 105 of Regulation S-K.

51. On February 2, 2017, Defendant Lawrie conducted an earnings conference call with CSC analysts and investors, during which Lawrie addressed the upcoming Merger and the "detailed plans" for the new Company that had been developed with the "leaders of both organizations," including as follows:

> We continue to hold regular premerger integration summits to bring together the leaders of both organizations. Our focus has been on developing our operating model,

> building a one company culture, creating an optimal go-to-market strategy, and preparing detailed plans for synergies and value capture.
>
> *   *   *
>
> Listen, I think ***we are pretty deeply into the planning process on this.*** So, I'd say our conviction, my conviction is stronger, having gone through it. When I say stronger, ***we've been able to now get to specific plans and specific actions*** and so on and so forth. So, my overall conviction certainly has grown as we've gone through this thought process.

52. On February 24, 2017, Defendants filed a final amendment to the Registration Statement. Additionally, Defendant Rishi Varma drafted a letter seeking that the effective time of the S-4 Registration Statement be accelerated to the earlier of 4:00 p.m., Eastern Time, on February 27, 2017, or as soon thereafter as practicable. Varma's letter acknowledged:

- should the Commission or the staff of the Division of Corporation Finance (the "Staff"), acting pursuant to delegated authority, declare any Registration Statement effective, it does not foreclose the Commission from taking any action with respect to such Registration Statement;
- the action of the Commission or the Staff, acting pursuant to delegated authority, in declaring any Registration Statement effective, does not relieve the Company from its full responsibility for the adequacy and accuracy of the disclosure in such Registration Statement; and
- the Company may not assert Staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

53. The SEC declared the Registration Statement effective on February 27, 2017.

54. On February 27, 2017, Defendants filed a prospectus on Form 424B3 for the DXC shares ultimately issued and exchanged in the Merger, which prospectus forms part of the Registration Statement or Offering Materials as referred to herein. The following false and misleading statements in the Offering Materials alleged herein were also repeated in substance or verbatim, by Defendants Lawrie and Whitman in presentations and analyst conference calls "incorporate[d] by reference" into the Prospectus and the Registration Statement of which the Prospectus formed a part.

55. In a March 29, 2017 Investor Day presentation, Defendants announced their plan for "workforce optimization," which purported to involve "[c]onsolidat[ing] redundant roles across all functions" and "[s]treamlin[ing] management layers," but which also touted that DXC planned to

"retain talent," and "re-skill and up-skill" current employees though, *inter alia*, "DXC-University certifications" and "Partner certifications." Alongside efforts to "[a]ttract, develop, and retain next-gen talent," Defendants stated that their plan for the post-Merger Company was to make use of existing, experienced employees by "[b]uild[ing] on [the] DXC dynamic talent cloud."

56. The Offering Materials repeatedly reference purported "net synergies" and other "strategic and financial benefits" that the Merger would realize, specifically claiming over $1 billion in immediate year-one "synergies" as a result of the incoming management team's detailed "workforce optimization" plan. The Offering Materials state, in part, that the plan for the post-Merger Company entailed cost savings of "approximately $1.0 billion post-close, with a run rate of $1.5 billion by the end of year one," by virtue of "workforce optimization such as elimination of duplicative roles," among other business shifts. Indeed, in statements by Lawrie incorporated into the Offering Materials, repeated focus is placed on "data centers and the delivery centers" where there was "clearly duplication . . . across both organizations."

57. The statement that the Company had a plan to implement a "workforce optimization" program involving "elimination of duplicative roles" misrepresented material facts, was materially incomplete, and omitted to state material facts. In truth, at the time the Offering Materials were issued, the Company had an undisclosed internal plan to target older, more experienced employees for termination in order to cut their higher salaries, even where those older employees were not redundant but, rather, were essential to the Company's ability to meet its commitments to existing and future clients. The planned cuts were not merit- or redundancy-based. Rather, the plan was to force out older, higher paid employees regardless of merit or operational need, thereby offloading their higher salaries to juice reported earnings ahead of tens of millions of dollars in insider sales.

58. The Offering Materials also touted more than $7 billion in increased goodwill from the Merger, attributing the increase in part to "synergies" from "cost-saving opportunities [such as] improved operating efficiency and asset optimization." Indeed, in presentations and other statements incorporated into the Offering Materials, Defendants touted that customers were responding positively to the "[w]orld class industry knowledge" the new company would bring to clients. As

stated by Lawrie, "we've seen positive responses really across-the-board . . . The clients are supportive. They see the benefits of bringing together our two companies' offerings and respective capabilities."

59. These statements were false and misleading because they omitted material facts. At the time the Offering Materials were issued, the Company planned to target older, higher paid employees for termination regardless of merit or operational need, thereby offloading their higher salaries to juice reported earnings in the short term ahead of tens of millions of dollars in insider sales. Far from boosting goodwill or improving operating efficiency and asset optimization, the Company was aware that the inevitable effect of terminating these more experienced employees would be operational inefficiency, a brain drain of critical know-how and customer relationships, and considerable harm to its reputation and goodwill. The Company omitted to disclose both its plan to target older, higher paid employees for layoffs and the anticipated detrimental impact of such layoffs on its reputation and goodwill.

60. The Offering Materials emphasize the "increased scale" of the combined company, claiming the "strategic combination of the two complementary businesses will create one of the world's largest pure-play IT services companies, uniquely positioned to lead clients on their digital transformations[, with the] new company [] expected to have annual revenues of $26 billion and more than 5,000 clients in 70 countries." As explained to investors in presentations and analyst calls incorporated into the Offering Materials, one "rationale" of the Merger was to retain a "[h]ighly experienced management team with proven transformation record" and to achieve "[s]cale" from the combined company "to achieve and sustain market leadership." Lawrie reported to investors as of the Merger in statements incorporated into the Offering Materials that the "strategic rationale and the synergy potential of this merger has, frankly, only increased." Further, Lawrie stated that "lack of overlap" in the organizations brought a "very solid skill base" with a "critical mass now of skills in new areas like cloud, cyber" and "other business areas." According to Lawrie, the Merger plan would not harm morale with any reductions in workforce but instead, "employees are excited to complete the work ahead to establish a new dynamic company of such scale and potential."

61. These statements concerning the Company's "increased scale," "strategic combination," "synergies," "skill base," employee morale, and related revenue and client projections misrepresented material facts, were materially incomplete, and omitted to state material facts. At the time the Offering Materials were issued, the Company planned to target older, more experienced, higher paid employees for termination. The nature and extent of the planned terminations were not strategic but instead age- and quota-driven. The termination plan would gut critical know-how and experience, terminating thousands of older employees with proven records. This would inflate reported earnings in the short term ahead of tens of millions of dollars in insider sales. But it would also inevitably hobble the company's operational capacity going forward.

62. As for the "cost reduction" portion of DXC's "turnaround plan," the Offering Materials state that Defendants' plan for the post-Merger Company was to "align [DXC's] costs with its revenue trajectory" and complement "initiatives to improve execution in sales performance and accountability . . . ." Further, the Offering Materials emphasize DXC's ability "to attract and retain highly motivated people with the skills necessary to serve their customers," and that its plan was to continue to "hire, train, motivate and effectively utilize employees with the right mix of skills and experience . . . to meet the needs of its clients." As a result, "with a collective workforce of approximately 178,000 employees, the size and scale of the combined company will enhance its ability to provide value to its customers through a broader range of resources and expertise to meet their needs."

63. These statements misrepresented material facts, were materially incomplete, and omitted to state material facts. At the time it issued the Offering Materials, the Company planned to terminate many "highly motivated people with the skills necessary to serve their customers" simply because they were older and higher paid. The plan had nothing to do with "improving execution in sales performance." It did just the opposite. It fired the older, more experienced employees with the know-how and customer relationships critical to execution in sales performance. As such, not only was the nature and purpose of the mass layoff plan contrary to Defendants' stated goals in the Offering Material, but the inevitable and foreseeable outcome of this undisclosed plan would be to

diminish, rather than enhance, the Company's ability to "provide value to its customers through a broader range of resources and expertise to meet their needs."

64. The Offering Materials also contained pages of generalized and vague "risk factors" that the Offering Materials stated "could materially and adversely affect" the "combined company's business . . . in the future" but omitted material then-existing material facts that made the purported "risk factors" false and misleading. Indeed, no "risk factor" stated that DXC's ability to serve its customers could or would be impacted by its plan to target the most knowledgeable and experienced veteran employees for layoffs regardless of merit or need.

65. The Offering Materials state that "uncertainty" leading up to and during the Merger "may impair the ability of CSC, Everett, and the combined company to attract, retain and motivate personnel until the Transactions are completed." These statements misrepresented material facts, were materially incomplete, and omitted to state material facts. In contrast to the "uncertainty" of attracting, retaining or motivating personnel, the Company already had in place a specific plan to terminate older, more experienced, essential (but more costly) employees through massive layoffs targeted at the over-40 veteran employees. The Company's misrepresentations and omissions were materially false and misleading because the Company knew that its age- and quota-driven plan to terminate older, more experienced and essential employees would directly impair its ability to retain customers with the skillsets necessary to service customers and operate the business going forward.

66. Similarly, the Offering Materials' purported "risk factors" misleadingly state that "[i]f the combined company is unable to compete in [its] highly competitive primary markets," DXC could be adversely affected. This statement concerning the company's ability to compete in competitive markets misrepresented material facts, was materially incomplete, and omitted to state material facts. The Company planned age- and quota-driven layoffs that would directly impair its competitiveness in markets requiring specialized skills and experience. The Company's misrepresentations and omissions were materially false and misleading because the Company omitted to disclose that its planned terminations of older, more experienced employees—would directly diminish its ability "to compete in [its] highly competitive primary markets."

67. The Offering Materials' purported "risk factors" also misleadingly state that "[t]he ability of the combined company to grow and provide customers with competitive services is partially dependent on the ability of the combined company to attract and retain highly motivated people with the skills necessary to serve their customers. . . . The loss of personnel could impair the ability of the combined company to perform." These statements misrepresented material facts, were materially incomplete, and omitted to state material facts. Defendants already had an undisclosed plan in place for a $2.7 billion mass layoff of DXC's older, higher paid, yet most essential and experienced employees, offloading their higher salaries to juice reported earnings ahead of tens of millions of dollars in insider sales. These misrepresentations and omissions were materially false and misleading because the company discussed the likely adverse impact on the Company of losing "highly motivated people with the skills necessary to serve their customers" while withholding from investors its actual plan to terminate those very employees, which would directly harm the Company's ability "to grow and provide customers with competitive services."

68. In sum, the above-described representations, financial metrics, and purported risk disclosures were materially false and misleading, materially incomplete, and omitted material facts. They failed to disclose that Defendants' planned "workforce optimization" plan in fact provided for eliminating tens of thousands of critical senior personnel through the imposition of age-based quotas that would cut costs by nearly three times as much as had been represented to investors regardless of merit, regardless of the negative impact on operation and sales execution, and regardless of whether particular business groups could absorb the loss of older, experienced employees. These workforce reductions specifically targeted the older, longer-tenured, more knowledgeable, and more highly compensated senior personnel who were essential to the Company's ability to serve its customers and succeed in the long-run, especially employees in the Company's "Deliver" Division, the division with the employees responsible for providing customer support and maintaining customer relationships.

69. On March 31, 2017, in connection with the Merger, HPE spun off its Enterprise Services business segment, which was accomplished by, first, a separation of the segment into a

wholly owned HPE subsidiary (then known as Everett SpinCo, Inc., but later renamed DXC), and then a *pro rata* distribution of all issued and outstanding common stock of the subsidiary to HPE shareholders as of the close of business on March 20, 2017, the record date for the *pro rata* distribution. Thus, the former HPE subsidiary became an independent public company known as DXC.

70. On April 1, 2017, Defendants completed the Merger, with DXC issuing approximately 141 million new shares of DXC common stock directly to former shareholders of CSC. Each of these new shares of DXC common stock was issued pursuant to the Registration Statement.

71. On April 3, 2017, DXC common stock began trading on the NYSE at approximately $59 per share.

<u>DXC Targeted Older, More Experienced, Better Paid Employees with Proven Track Records – Not Redundant Employees – for Termination.</u>

72. Since the Merger, as has since been revealed and alleged by countless former employees nationwide, collectively on behalf of thousands of similarly situated since-fired former employees, DXC had in truth implemented a policy and practice that targeted employees aged 40 years and older through a pattern and practice of unlawful and discriminatory terminations. This mass layoff plan was promoted and perpetuated by Defendants ahead of and in the immediate wake of the Merger and thereby facilitated egregious age discrimination, specifically favoring younger employees over and to the detriment of older, more experienced (and thus more expensive) employees. Moreover, by executing their plan to enforce an undisclosed policy of disproportionately terminating and not rehiring age-protected workers, Defendants dramatically cut costs in the short term ahead of insider sales. But over the months and years following the Merger, the consequences of the undisclosed mass layoff plan were predictable: a severely hobbled workforce without the experience, know-how, capabilities, and customer relationships necessary to effectively maintain and develop DXC's business.

73. The following former employees have filed age-discrimination lawsuits that allege Defendants plan to "green" its workforce and exemplify Defendants' pattern of terminating older,

more experienced employees both before and after the Merger. Each plaintiff received a right-to-sue letter from the EEOC or its equivalent, and was terminated pursuant to Defendants' and its predecessors' workforce reduction plan. This list is illustrative, not exhaustive.

(a) Zach Holladay was hired by HP in 2003, and continued working for HPE post spin-off, only to be terminated effective October 30, 2020. He was over the age of 40, and was given no justification other than that it was part of an ongoing workforce restructuring initiative.

(b) Garfield Reddick is a resident of Georgia. He worked for HPE from July 2017 until May 2020, when he was 57 years old. Mr. Reddick's manager simply told him that his employment was being terminated pursuant to a workforce reduction and that May 22, 2020 would be his last day. At the time, Mr. Reddick's title was Technical Solutions Consultant III, and he possessed over 20 years of experience as an engineer at major technology companies. For Mr. Reddick, the lay-off was the culmination of an ageist work environment. Despite Mr. Reddick's experience, he was repeatedly passed over for positions in favor of younger employees with inferior qualifications. For example, he requested to be appointed team lead because he was performing those tasks and duties already and employees often came to him with questions that a team lead would normally answer. Despite his demonstrated suitability for the role, Mr. Reddick was passed over for the opportunity. In contrast, Mr. Reddick knew an employee named Daniel Foreman, a 20-something recent college graduate, was promoted to team lead almost immediately after starting. Defendants also refused to hire Mr. Reddick when he applied for a Solution Center Technical Consultant in HP's GreenLake Technologies for no discernable reason other than his age. After Mr. Reddick's termination, he applied for nine jobs for which he was qualified pursuant to the work force reduction's "Preferential Rehire Period." These efforts proved futile.

(c) Daniel Cochran is a resident of Colorado. Mr. Cochran worked for Defendants and their predecessors for 26 years before he was terminated on November 1, 2019, pursuant to the workforce reduction plan. He was 62 years old. Mr. Cochran had worked at HPE as a Technical Marketing Engineer, Presales Solution Architect, and Post-Sales Senior Consultant, among other roles. Over the course of his tenure, Mr. Cochran received positive reviews and promotions. His contributions were essential. For example, as a Solution Architect, he supported over 100 Software channel partners throughout the sales process. As a Technical Marketing Engineer, in addition to providing technical sales and marketing enablement for software covering a broad array of complex client needs, he also developed and delivered training for audiences, remote and live, at events worldwide. Mr. Cochran's experience changed with the reorganization and arrival of a new manager in November 2017, who re-assigned Mr. Cochran's projects to younger employees and blocked Mr. Cochran's efforts to advance his career. Mr. Cochran applied for 32 jobs during the preferential rehire period, but was unsuccessful because of his age. Mr. Cochran's experience also placed him at a higher salary level than a brand new employee: the average new employee made $64,000 whereas a person with over 20 years' experience, like Mr. Cochran, made an average of just over $110,000.

(d) Tracy Beach is a resident of Charleston, West Virginia. Ms. Beach worked for a company acquired by DXC. She was an Operations Manager before she was summarily terminated on November 15, 2018, at 56 years old, pursuant to the workforce reduction plan. At the time, she had worked for her company and DXC for 23 years in the aggregate. Her annual base salary was $97,400, far higher than the average new employee's salary at DXC. Two other women in her group above the ages of 55 were also terminated, but the substantially younger employees were spared.

(e) Mark Unterreiner is a resident of St. Charles County, Missouri. Mr. Unterreiner provided account management services for DXC and its predecessor companies from 1978 until his termination on October 19, 2018, at 64 years old. Mr. Unterreiner had received several promotions over his 40 year tenure: by November 2017, he was an Account General Manager with responsibility for the Microsoft Account. Despite being on target to meet or exceed his goals, Mr. Unterreiner was the only manager summarily terminated in October 2018. His position was immediately filled by another younger employee.

(f) Enoh I. Enoh is a resident of Laurel, Maryland. He worked for Defendants and their predecessors from 1996 until he was terminated on May 26, 2017, at 58 years old. Mr. Enoh possesses a BSE degree in Information Systems engineering, and by 2017, was ranked most senior Field Services Engineer on his team of 14 at HPE. Mr. Enoh trained 5 or 6 new, younger employees just before he was terminated due to "restructuring."

(g) Zohreh Fazeli resides between the Bay Area and Toronto, Canada. She worked for Defendants and their predecessors for 12 years before she was terminated on October 19, 2017, at 54 years old. At the time, she was a Wintel and Virtualization Enterprise Architect at DXC, and oversaw a project worth over $14 million. She lead a growing team and received exceptional reviews. The purported reason for her termination was workforce reduction. Defendants hired a new person for Ms. Fazeli's role two weeks after her termination.

(h) Alan Green is a citizen of the United States, and filed his lawsuit in Alabama. He was 62 years old and a Presales Project Manager at HPE when he was terminated pursuant to the a workforce reduction sometime after September 2017.. He had worked for Defendants and their predecessors for at least 17 years in the aggregate, and received satisfactory performance reviews throughout his tenure. His role was customer facing: he partnered with sales representatives to help understand customer needs, map those needs, and design the customer's system. Mr. Green's position was filled by younger employees post-termination – not eliminated.

(i) Robert Sloat is a resident of Jacksboro, Tennessee. He was 61 years old when he was terminated on November 3, 2017. Mr. Sloat managed sales enablement programs for the Consulting and Services sales teams worldwide, which included 1,200 people, and maintained a small staff as well as contracts with outside consulting firms. Mr. Sloat led a program that provided training and follow-up modules for over 800 sales people between November 1, 2016 through October 31, 2017 alone. He had received positive reviews. Mr. Sloat's experience changed after November 2016, when he was assigned a new manager during a reorganization and began experiencing age discrimination. While still employed, Mr. Sloat complained internally to HR that, among other offenses, his new manager continually asked him when he was going to retire. Mr. Sloat was terminated during the reorganization. After Mr. Sloat was laid off, Defendants transferred younger employees from Mr. Sloat's training program, and hired younger employees to assume his job duties.

(j) Mark Leppert is a resident of Marion County, Iowa. He began working for DXC's predecessors in May 1986, and was terminated by Defendants on June 30, 2017 at 59 years old. Mr. Leppert was a Technical Solutions Consultant at HPE and laid off pursuant to a workforce reduction. A mere 24 hours after Mr. Leppert's job was "eliminated," Defendants posted 15 equivalent job openings.

(k) Kevin Alviso is a resident of California. He was working as a Research and Development Manager and 53 years old when HPE terminated his employment in October 2016. Mr. Alviso began working at HPE in 1997, and over the course of his two decades working for Defendants, never received any negative performance reviews. Rather, he often exceeded expectations. Mr. Alviso was nevertheless terminated under a workforce reduction plan, and replaced by a graduate or early career hire.

(l) Shafiq Rahman is a resident of Texas. Mr. Rahman was a Senior Engineer developing computer servers for HPE when he was terminated in July 2016, at 65 years old. Over his nearly two decades of employment, Mr. Rahman consistently received positive reviews. Mr. Rahman was replaced with a graduate or early career hire.

(m) Carlos Gonzalez is a resident of Texas. He worked for Defendants and their predecessors from June 2013 until his termination on June 24, 2016, at 54 years old. He served as an IT Business Analyst at HPE. Mr. Gonzalez was the oldest person in his 20 person team; only he and the second oldest person were terminated pursuant to the workforce reduction. Prior to termination, Mr. Gonzalez was discouraged from applying for managerial positions and denied career development opportunities. Although Defendants told Mr. Gonzalez he was laid off due to "budget cuts," Mr. Gonzalez's role was not actually eliminated. Instead it was filled by a younger, 28-year-old employee who Mr. Gonzalez himself had trained. Mr. Gonzalez's efforts to apply for open positions internally were unsuccessful. When he replied externally, Mr. Gonzalez received a verbal employment offer that was later rescinded because, according to that employee, Mr. Gonzalez was listed internally as ineligible for rehire.

(n) Donna Forsyth is a resident of Washington. Ms. Forsyth began working at HP in July 1999, and rose to the level of Manager on a Capabilities Team in Global Corp Servs. Org at HPE. She has first-hand knowledge of the aggressive efforts used to hire young millennial employees to replace the thousands culled under the workforce reduction plan. Ms. Forsyth also has first-hand knowledge that Hewlett-Packard's discriminatory policies continued at HPE. After nearly 17 years, Ms. Forsyth fell victim to those policies herself: she was terminated May 27, 2016 at 62 years old pursuant to a workforce reduction plan. Ms. Forsyth was replaced with a younger, early career or new graduate hire.

(o) Michael Mafinsky is a resident of Maryland. Mr. Mafinsky worked at CSC from November 2010 until April 11, 2016, when he was terminated at 62 years old. At the time, he was an Offering Sales Specialist within the Global Cyber Security Sector, and had over 29 years of experience in Naval Intelligence, Cryptology, and Warfare Systems Acquisition, and 13 years in Information Technology and Intelligence Support sales deployed by medium and large size companies in the U.S. commercial sector. Mr. Mafinsky was consistently ranked as a top sales performer. Of the six employees in his sales division, only he and another man in his late 50's were terminated. No other employee retained possessed the same levels of relevant experience or performance as Mr. Mafinsky.

(p) Sue Moskovitz is a resident of Omaha, Nebraska. Ms. Moskovitz worked at HPE for 19 years, and served as a Support Sales Manager for HPE's Communications and Media Solutions Unit. She was terminated on April 26, 2016, at 57 years old for pretextual reasons. She was replaced by a younger man .

74. John Palmer is a resident of Michigan. He worked for CSC for 18 years, and was a Senior Software Engineer. Mr. Palmer was laid off February 17, 2016, at 60 years old. Mr. Palmer's duties and responsibilities were assumed by a younger employee who Mr. Palmer had trained himself.

75. The impact of Defendants' plan to terminate older, more experienced employees to cut costs, is not limited to the above-listed named and individual plaintiffs. According to the *Forsyth*

complaint, the number of employees over 40 years old who were terminated pursuant to a workforce reduction plan from November 2015 to the present, ranges in the hundreds or thousands for California alone. *See Forsyth, et al. v. HP Inc., et al.*, Civil Case No. 16-cv-04775-EJD (N.D. Cal. July 20, 2020), ECF 389. As of September 2020, the *Forsyth* class representatives and opt-in Plaintiffs filed administrative charges of age discrimination and received 23 Right to Sue Letters from the EEOC and California Department of Fair Employment & Housing. Many former employees were compelled to arbitration pursuant to their release agreements, and by 2021, DXC settled with 142 opt-in plaintiffs who signed such agreements. The suit is ongoing, and the presiding court granted preliminary class certification.

76. Statistical data also supports the allegations about who the workforce reduction targeted. A preliminary statistical analysis of workforce reduction forms provided to HPE employees shows that older employees were significantly more likely to be terminated than younger employees, and that the statistical level of confidence in this disparity is at least 95%. The scope of Defendants' nation-wide plan to cost-cut by targeting older, more experienced, and more expensive employees is vast and documented.

77. As alleged by these and other former DXC employees - across an array of age discrimination, employment class action, and other lawsuits filed in the wake of the Merger - DXC's workforce reduction plan was in truth a scheme to terminate older, more experienced, higher paid employees in favor of younger, less experienced, and thus lower paid employees, all to dramatically cut salaries and other overhead and expenses in the short term regardless of the foreseeably severe and negative impact on operations and revenue going forward. As a result of the plan's implementation, discriminatory treatment against DXC's older, more experienced employees became a companywide policy after the Merger. Comments directed by DXC management to older (and thus age-protected) workers such as, "when are you planning on retiring," "You must be getting ready to retire," and others became commonplace throughout DXC. The refrain was so widespread and consistent that it became understood that upon each next wave of workforce reductions DXC would target the older, 40-plus, age-protected, in fact more experienced and essential (yet higher

paid) employees, even though those employees were critical to DXC's ongoing operational effectiveness.

78. Pursuant to its undisclosed termination plan, in describing the layoffs to the affected employees, DXC couched the layoffs as occurring on an ostensibly "rolling basis" as purportedly laying off employees on a neutral basis. But, in truth, the companywide plan specifically and disproportionately targeted for termination DXC employees who were 40 years of age or older, not only a protected class under federal law, but also the employees with the experience and customer relationships necessary to service existing clients and business. And while the implementation of the plan had begun immediately after the Merger, the discriminatory terminations have continued. As recently as May 2020, DXC was still eliminating the jobs of older, more-experienced (and higher paid) age-protected employees pursuant to its workforce reduction plan, while actively replacing those experienced, essential employees with younger, inexperienced employees who lacked the know-how and relationships to effectively service DXC's customers.

79. HPE and DXC used uniform, near-verbatim paperwork when terminating older employees, who all received the same vaguely worded, boilerplate reasons for being terminated, regardless of which entity they worked for after the Merger. Those notices at both HPE and DXC, before and after the Merger, generically state: "Employees were selected for the reduction in force because the job they were performing will no longer continue, their skill set was not applicable to the Company's or organization's operations going forward, and/or other employees were viewed as better qualified because of past performance and competency evaluation, which may include skills, abilities, knowledge and experience." This broadly worded, proffered justification for firing these employees was merely a pretext for policies of overt age discrimination, draconian cost cuts, and juiced insider sales over the short-term. Upon termination, many positions were temporarily eliminated. But even when a terminated employee's specific job title or position was not eliminated, those positions were staffed with new, younger hires at both entities.

80. Further, internal DXC documentation heavily favors employees from the younger "millennial" generation to other older generations. To DXC, employees from the millennial

generation were highly desirable; as such, DXC placed an emphasis on retaining and attracting as many "millennial" generation employees while terminating or retiring employees from the older generations.

81. When carrying out the undisclosed mass layoff plan, senior management at DXC provided managers throughout the country with two simultaneous orders: (1) terminate a specific number of employees, called "slates," pursuant to the layoff plan; and (2) hire a specific number of requisitions ("reqs") to replace them, focusing on new, younger hires. The issuance of these "slates" and "reqs" followed a distinct pattern: an upper-level manager would order a subordinate manager to lay off a designated number of experienced, older, tenured "LT" (meaning "long-term" or "long-tailed") employees, while simultaneously providing that manager a similar number of new "reqs" authorizing the hiring of recent "graduate" or "early career" employees to replace those just fired.

82. Consistent with DXC's undisclosed policy of eliminating the older, more qualified but expensive members of its workforce in favor of younger, cheaper workers, the employees selected to be terminated pursuant to the plan are initially and nominally recommended by managerial employees to DXC's human resource department. The selections are then evaluated by a human resources generalist to assure the selection is the "right fit" for termination, meaning the selection conforms with Defendants' explicit (yet undisclosed) directive to terminate older, more expensive employees while retaining younger, cheaper employees. These selections are not based on merit, performance, "optimization" for operational effectiveness, or redundancy. Rather, the selections are age- and quota-based, such that as long as the selected employee is old enough (over 40), then the human resource department approves the selection and notifies the Workforce Management Team to prepare the proper paperwork to be delivered to the selected employee by his or her manager(s). Conversely, if the selection happens to be too young (*i.e.*, under 40), then the manager or managers are directed to select another employee.

83. As Defendants' undisclosed mass layoff plan was implemented in the immediate wake of the Merger, initial mis-selections became exceedingly rare. Defendants maintain meticulous records about each employee, including his or her date of birth and age. Pursuant to DXC's policy,

those high-level employees responsible for carrying out the implementation of the termination plan used these records and age data to specifically target and terminate older, higher paid employees on the basis of their age and pay rate in order to meet exacting quotas ahead of insider sales, not for any merit- or work-related reason. With exacting data and unrelating directives, DXC's plan developed into a well-oiled machine. In the wake of the Merger, of all employees terminated by DXC, the rate of employees terminated who were age-protected (i.e., age 40 or older) often exceeded 85%.

84. Pursuant to DXC's mass layoff plan, upon notice of termination, older DXC employees are furnished with a "Notification of Severance Materials," pursuant to which they are told they have two weeks as part of a "redeployment period" to find another job with DXC. If able to successfully find another position during that time, then the to-be-terminated older employee would be allowed to continue to work without interruption. But if not able to find another position at DXC within the redeployment period, then the older employee would be terminated and the 60-day "Preferential Rehire Period" would commence.

85. Pursuant to DXC's mass layoff plan, during the 60-day "Preferential Rehire Period," the older, experienced, yet soon-to-be-terminated employee would be given the seeming opportunity to apply for other jobs within DXC, and if selected would then be re-hired without having to undertake the approval process normally required for a rehire.

86. Pursuant to their mass layoff plan, HPE and DXC also implemented bans on hiring employees who were terminated pursuant to any layoff implemented by an HP-related entity. In other words, DXC effectively "blacklisted" employees who were terminated under a mass layoff plan of any HP-related company. This ensured that the terminated older workers would not be re-hired by either DXC or HPE. This blacklisting policy was implemented even though both HPE and DXC claimed to have a "60 Day Preferential Rehire Period" during which those terminated under the layoff plan were encouraged to apply for new positions within either HPE or DXC (both before and after the name change and spin-off). These employees were told they would receive preferential hiring status for 60 days following their termination. However, although apparently meant to be facially neutral, in practice, the 60-day Preferential Rehire Period was a farce for older employees.

87. For example, former older employees have reported that upon termination, DXC would often create a new job opening for a nearly identical position in a different city. Although the terminated employees are appropriately qualified for that "new" position, when they apply for it during their 60-Day Preferential Rehire Period, DXC systematically refuses to hire them because they were by definition laid off under a mass layoff plan targeting older workers. Both HPE and DXC engaged in this policy of blacklisting their own and each other's former employees in order to prevent them from being rehired.

88. In addition to terminating employees under the mass layoff plan, DXC used other tactics to push current, older workers out. DXC implemented early and phased retirement programs under which employees having a combined number of years in terms of age and tenure were strongly encouraged to "voluntarily" phase out their employment. Both HPE and DXC initiated nearly the same phased retirement program and also implemented similar retirement policies to strongly encourage older employees to leave the company. Indeed, as recently as 2020, DXC was still executing a similar retirement program to effectively force older employees to leave the company.

89. Under this plan, DXC management would target older employees and propose to them that they take early phased retirement. But if employees declined – whether they were not ready to retire, wanted to continue working, or otherwise – DXC supervisors would attempt to persuade the employee to participate in the program anyway, even though it was against the employee's wishes and offered no significant benefits to the employee. It is simply a way for DXC to apply pressure on older employees to leave the company "voluntarily." The retirement programs put older DXC employees in a dilemma. During meetings with older employees where the various phased retirement programs are explained and promoted by DXC management, the elephant in the room is looming: each person is left worrying: "If I turn down this retirement program, am I just going to be laid off anyway?" In thousands of cases, that question was answered just how the older employee feared: shortly after turning down the phased retirement program, the older employees position was simply terminated under DXC's undisclosed mass layoff plan. Older employees at both HPE and DXC got the message: they were in serious jeopardy of losing their jobs.

90. Despite Defendants' attempts to couch particular terminations in neutral terms, as the mass layoff plan was implemented, older employees became well aware that it was overwhelmingly their older, age-protected peers that had been selected for termination under the layoff plan. For example, in an HPE/DXC engineering support group, older DXC employee participants would advise each other not to disclose their age or how long they had worked at HPE/DXC in order to avoid being selected for termination under the mass layoff plan.

91. Although HPE and DXC had an "Adverse Impact Team" to evaluate various employment practices and ostensibly determine whether or not those practices impact a significant number or percentage of a particular class of protected employees, for example gender or race, HPE and DXC's Adverse Impact Team has tellingly and consistently refused to investigate whether the mass layoff plans have disproportionately and adversely affected the protected class of *older, 40-plus* DXC employees.

92. Similarly, in periodic "Sustainability Reports," HPE and DXC have provided workforce data regarding the diversity of its workforce nationwide in the United States, but DXC has tellingly failed to provide any similar data about its older, 40-plus, age-protected workforce – the very target of its mass layoff plan. Indeed, according to an early 2017 article published by AARP, HPE (and ergo its post-Merger continuation as DXC) have faced more allegations of age discrimination and improper age-discriminatory terminations than any other technology company in recent years.

93. Pursuant to its mass layoff plan, DXC then targets new, younger employees (under the age of 40) to replace older employees (aged 40 and older) who were terminated and fill the "new" position created after terminating the older employees. This is reflected in, inter alia, DXC's internal directives provided to hiring managers by senior management and the human resources departments. For example, DXC's human resources department has distributed written guidelines stating a "[n]ew corporate requisition policy requires 75% of all External hire requisitions be 'Graduate' or 'Early Career'" employees. A similar policy of promoting "graduate" and "early career" hires had been implemented at HPE before the Merger and was implemented by DXC after the Merger. The use of

the words "graduate" and "early career" in this directive (and others like it) reflect DXC's plan to discriminate against older workers in hiring decisions. As used in these internal directives, a "graduate" hire was someone who either was about to graduate or had graduated within the previous 12 months. Similarly, an "early career" hire was somebody who had completed his or her degree and had ***up to*** five years of experience related to the job for which they were applying.

94. Furthermore, across HPE and DXC, hiring managers were advised in writing to "look for and create opportunities to enhance [their] labor structure" through "Early Career hiring." Human resources employees at HPE and DXC were also told to "[h]elp convert or repurpose" the hiring managers' "current requisitions, as appropriate, to Early Career requisitions."

95. DXC's human resources department knew, however, that focusing on hiring younger employees might raise concerns with its older "long term" employees. Thus, according to internal HPE and DXC memoranda, management considered it necessary to disguise their discriminatory hiring policies and to "***[a]ddress [the] issue of long term employees being perceive[d] as bypassed by the next gen[eration].***" (emphasis added).

96. To fill the "new" position created by firing older, more experienced, higher paid employees, DXC has used and benefitted from online job postings that exclusively target younger hires, for example:

- This position is for a recent college graduate. To qualify, you must have graduated with your Bachelor's or Master's degree within the last 12 months.
- In order to be considered for this role, you must have graduated within 12 months of the start date. . . [W]e can only consider graduates who have graduated between [that time period].
- Must have graduated within 12 months of . . .
- This position is for a recent college graduate. To qualify you must have received your last degree within the past 12 months.
- The candidate must be a recent graduate.
- We are looking for recent college graduate and early career candidates. . . .

- The successful candidate must be near degree completion [] or have graduated within the past 12 months.
- Must be a recent graduate . . . or graduating by [start date].
- Must have completed degree within the past 12 months.
- We are looking for a future, or recent (within 12 months) College Graduate. .. .
- This position is for a recent university graduate.
- First Level University degree awarded within the past 12 months.
- Recent (graduation date between . . . only) college graduate. . . .
- We are seeking candidates who have recently graduated. . . . Only applicants who have graduated within the past year . . . will be considered for this role, and this will be verified during the background check.
- Recent college graduates preferred.

97. These postings reflect the true nature and purpose of Defendants' undisclosed mass layoff plan: to make DXC younger and thus cheaper, whatever the real cost to operational capability. Defendants knew that DXC's plan to fire older, experienced workers only to replace them with cheaper, young and inexperienced workers would drastically cut costs and thus boost reported revenue in the short term after the Merger. But it was also plainly foreseeable that it would prove disastrous for DXC's operations and business in the long run. Defendants did it anyway ahead of massive insider sales.

98. That the Company sought specifically to eliminate its older, more experienced and better skilled employees is also borne out by the Company's own statements and the experiences of employees. In an August 8, 2017, earnings call, CEO Michael Lawrie admitted to investors that "we took quite a few people out in the first quarter, but we also hired 6,000 people in the first quarter. 6000. And we need to continue to do that to refresh the workforce." Lawrie further explained that "[w]e had a very strong graduate recruiting program this year, so we're bringing in a lot of kids."

99. DXC employees even had a term for the process of eliminating more experienced, better paid employees: "greening." As part of the "greening" process, the Company targeted senior,

more experienced, more expensive employees without regard to their value to the Company, in a short-term effort to improve the Company's quarterly numbers. These workers were then replaced with younger, less experienced, cheaper workers if they were replaced at all. DXC employees have admitted that the quota-based reductions often removed mission critical subject matter experts.

100. The Company's Consulting Group was required to eliminate older, more expensive personnel so that staff salaries would be distributed according to a pyramid structure—with a large proportion of less experienced, less costly employees at the bottom as compared to the few expensive ones further up. For the Consulting Group, which required highly experienced employees to service its customers, adhering to this pyramid structure made it increasingly difficult to service clients and train new recruits.

101. Defendant Whitman and other HPE executives have publicly admitted as much. For example, Defendant Whitman, across an array of analyst calls and public interviews, has described her intent to change the company's "labor diamond" into a "labor pyramid" or a "quite flat triangle" with large numbers of young people at its base. For example, during an HP Securities Analyst Meeting, Defendant Whitman said:

> [A]s we think about our overall labor pyramid at Hewlett-Packard, we need to return to a labor pyramid that really looks like a triangle where you have a lot of early career people who bring a lot of knowledge who you're training to move up through your organization, and then people fall out either from a performance perspective or whatever.
>
> And over the years, our labor pyramid doesn't look – has become not a triangle. It's become a bit more of a diamond. And ***we are working very hard to recalibrate and reshape our labor pyramid so that it looks like the more classical pyramid*** that you should have in any company and particularly in ES. If you don't have ***a whole host of young*** people who are learning how to do delivery or learning how to do these kinds of things, you will be in [for] real challenges.
>
> * * *
>
> Now, that's not something that changes like that. Changing the same shape of your labor pyramid takes a couple of years, but we are on it, and ***we're amping up our early career hiring, our college hiring***. And we put in place an informal rule to some extent which is, listen, when you are ***replacing*** someone, really think about the new style of IT skills. (emphasis added.)

102. At another Securities Analyst Meeting, Defendant Whitman reiterated her position that her goal was to create a "labor pyramid" that was "quite flat," stating:

> We have to fundamentally recreate the labor pyramid. Many of you heard me say our labor pyramid in Enterprise Services looks like a diamond and it needs to look like a triangle and quite frankly it needs to look like a quite flat triangle to be competitive.

103. Defendant Whitman would later again declare publicly during an interview on CNBC that the goal was to get younger:

> Interviewer: You did announce significant job cuts about a month or so ago. . . . Is that going to be it for HP?
>
> Ms. Whitman: That should be it. That will allow us to right-size our Enterprise Services business . . . to make sure that we've got a labor pyramid with ***lots of young people*** coming in right out of college and graduate school and early in their careers. That's an important part of the future of the company. . . . (emphasis added).

104. Among other things, Defendant Whitman has also been quoted describing the termination plans as follows:

- ". . . we need to return to a labor pyramid that really looks like a triangle where you have a lot of early career people who bring a lot of knowledge who you're training to move up through your organization, and then people fall out either from a performance perspective or whatever."
- "And over the years, our labor pyramid . . . [has] become a bit more of a diamond. And we are working very hard to recalibrate and reshape our labor pyramid so that it looks like the more classical pyramid that you should have in any company and particularly in ES. If you don't have a whole host of young people who are learning how to do delivery or learning how to do these kinds of things, you will be in [for] real challenges."
- "It also ***helps us from a cost perspective*** . . . if your labor pyramid isn't the right shape, you're carrying a lot of extra cost. The truth is we're still carrying a fair amount of extra costs across this company because the overall labor pyramid doesn't look the way it should."
- "Now, that's not something that changes like that. Changing the same shape of your labor pyramid ***takes a couple of years***, but we are on it, and we're [r]amping up our early career hiring, our college hiring. And we put in place an informal rule to some extent which is, listen, when you are replacing someone, really think about the new style of IT skills."
- "That should be it. I mean, that will allow us to right size our enterprise services business [i.e, the segment that former DXC by way of the Merger] to get the right onshore/offshore mix, to ***make sure that we have a labor pyramid with lots of young people*** coming in right out of college and graduate school and early in their careers. That's an important part of the future of the company . . . This will take another couple of years and then we should be done."

105. For another example, HP's CFO Cathie Lesjak would describe the mass layoff

scheme as follows:

> "It's actually dealing with the sins of the past in which we have not been maniacally focused on getting the attrition out and then just agreeing to replace anyway and not thinking through it carefully and thinking through what types of folks we hire as replacements . . . the smarter thing to do would be to prime the pipeline, ***bring in fresh new grads***, and kind of promote from within ***as opposed to hiring a really experienced person that is going to be much more expensive***."

106. HP's Manager of Employee Relations for the Americas, Sheri Bowman, described it as follows:

> "And so there is a tremendous ***focus on increasing revenue . . . and reducing, you know, overall expenses***. So that has just resulted in some organizations ***modifying their workforce to try to get to the right labor pyramid*** to achieve their business goals."

107. Another executive made it plain: "[***W]e're getting rid of the old engineers and bringing in young engineers in their place***."

108. The involuntary terminations of so many older, experienced employees had a snowball effect. Many more of the Company's most valuable employees left voluntarily even if they had not been targeted for termination. The Consulting Group experienced turnover at a rate of 35% in countries like the United Kingdom and France. In the United States, turnover was at a significant percentage above the Company's target of 20%.

109. Personnel cuts were ultimately directed by senior management without input from managers closer to client relationships and projects who could assess the needs of the Company and the immediate repercussions of the cuts. The "greening" process also affected employees of companies acquired by DXC after the Merger. Within a month after the Company acquired Molina Medical Solutions in October 2018, the Company began terminating Molina employees. Of these, more than half were over 55 years old. The Company hired or planned to hire "substantially younger" employees to replace the ones it fired.

110. DXC employees have admitted that workforce reductions were tied to age-based quotas and artificially inflated reported financial metrics, not redundancies, and rejected automation as an explanation for terminations. Underscoring the short-term focus on inflating financial metrics,

DXC employees have admitted that DXC resorted to cutting thousands of U.S. based employees to offset cuts that could not be made quickly enough to impact quarterly financial metrics in other regions due to more protective labor laws. Such reductions predictably frustrated DXC's clients who lost access to employees familiar with servicing their accounts and failed to receive promised enhancements because DXC lacked sufficient personnel.

The Company's Undisclosed Plan to Lay Off Scores of Older, Essential Workers Was Conceived and Ready to Implement Before the Merger Closed.

111. That the plan for mass layoffs targeting experienced employees was in place well before the Merger is demonstrated by, *inter alia*, how quickly after the Merger those layoffs went into effect.

112. During monthly executive committee meetings in 2017, Lawrie and Saleh had made clear that the Global Delivery division needed to cut between \$1 billion to \$1.8 billion in workforce expenses in the first year following the Merger. DXC tied executive compensation to meeting these workforce reduction quotas. Also during 2017, Saleh monitored cost-cutting, including at Operations Committee meetings, to assure internal cost-reductions quotas were met and stressed and stressed accelerating workforce reductions to meet budgeted cuts.

113. Older, essential employees began to be laid off *immediately after the Merger*. Decisions about which employees to lay off immediately after the Merger had been made before it closed. A management consulting firm was retained by the Company to assist with its layoff plans. Representatives of that firm were deployed immediately after the Merger.

114. For example, at McKinsey & Co.'s suggestion, DXC eliminated numerous senior-level employees in Global Delivery with client-specific specialized skills formed during long-term relationships with DXC customers. The termination of these senior-level employees was based on age and cutting salaries, not merit or redundancy, and thus predictably resulted in significant customer complaints and loss. Notably, McKinsey & Co. participated in merger negotiations as early as April 12, 2016, when HPE and CSC entered into a non-disclosure agreement for facilitating negotiations on a potential transaction and conducting due diligence. They were in it from the start and were ready to begin executing the undisclosed mass layoff plan immediately upon the Merger

close.

115. Within days of the Merger, numerous critical senior employees were laid off and countless others received notice that the Company was taking steps to effectuate layoffs. Within the first year of its existence, the Company laid off close to a fifth of its workforce, with the bulk impacting older, more experienced, higher paid employees whose experience and expertise were critical to both ongoing customer relationships and obligations and the Company's ability to deliver on new business. The layoffs were put in place as part of a plan devised by and known to Defendants well in advance of the Merger, and the negative impact began to be felt internally almost immediate after the Merger.

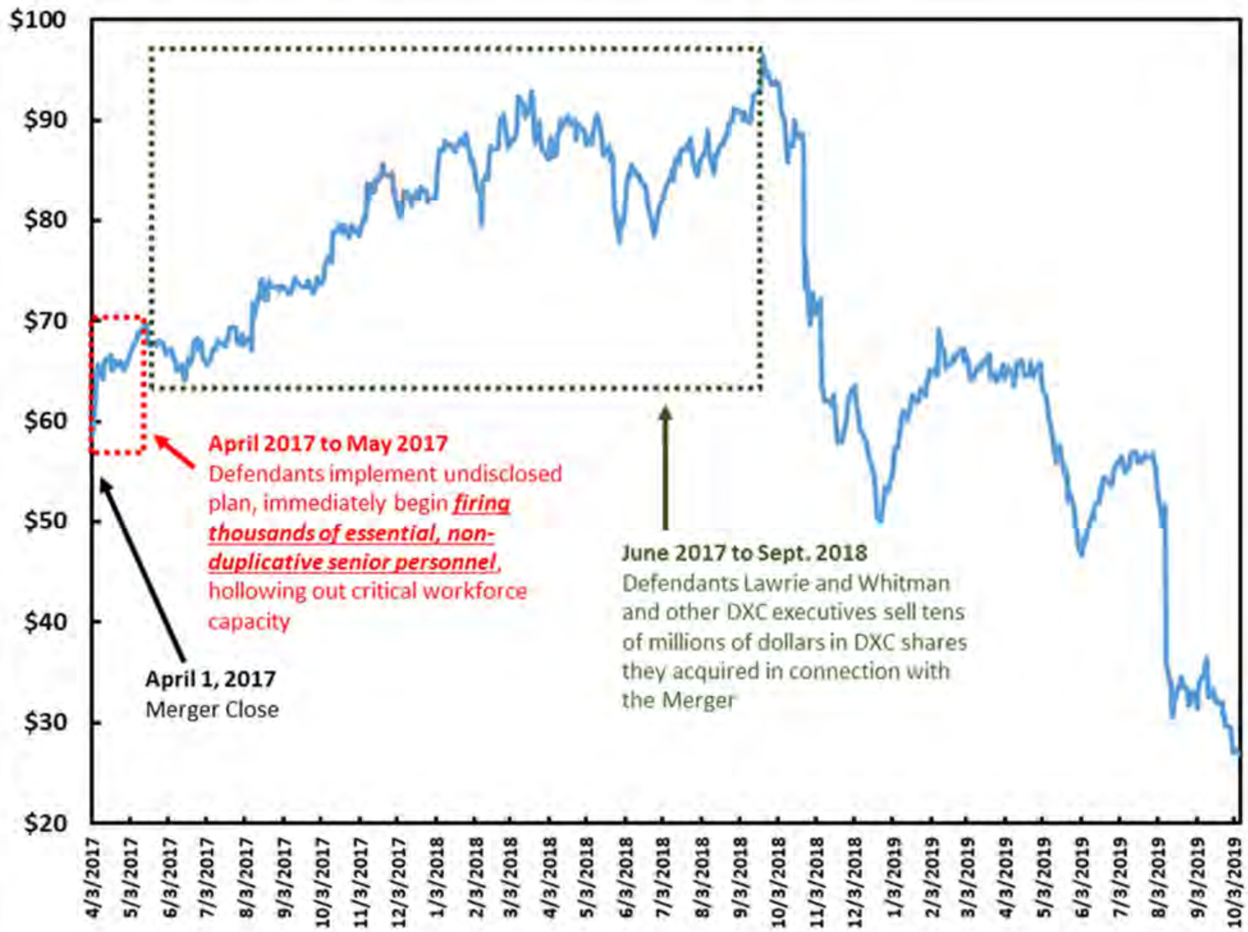
116. Confirming what employees had long known, on May 19, 2017, *The Register* ran a report with the headline "DXC Technology looks to lighten the payroll six weeks after launch."

DXC, HPE, Lawrie and Whitman Were Motivated By The Financial Implications of The Merger and Related Offering

117. The mass terminations of older, higher paid employees inflated reported earnings and boosted DXC's stock price over the short term, allowing for Defendants Lawrie and Whitman, and other DXC executives (former HPE and CSC executives) to sell tens of millions of dollars in DXC shares they acquired in connection with the Merger. Those persons, identified below, profited by the market created for their securities as a result of the Merger, exploited the short term earnings boost artificially created by the undisclosed plan to layoff thousands of older, higher paid employees, and then sold in total over $83 million in DXC shares following the Merger:

Executive or Director	Total Shares Sold	Total Proceeds
Deckelman (William L. Jr.), General Counsel	50,467	**$4,067,684**
Hilton (Stephen), Officer	208,957	**$15,835,453**
Lawrie (John Michael), CEO	110,549	**$10,282,107**
Mason (Joanne), Officer	35,074	**$2,715,352**
Nefkens (Michael G), Officer	253,248	**$21,556,998**
Saleh (Paul N), CFO	286,206	**$24,390,397**
Whitman (Margaret C.), Director	57,939	**$4,491,115**
Totals	**1,002,440**	**$83,339,106**

118. The sales were achieved by the market created in DXC shares in connection with the Merger and were executed after the mass terminations of older, higher paid employees cut reported costs and thus juiced DXC's bottom line, increasing DXCs' share price, all before the predictably disastrous ultimately effects of the terminations were visited upon DXC:



Deckelman (William L. Jr.), General Counsel			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
June 8, 2017	$76.25	1,556	$118,645
June 8, 2017	$76.34	400	$30,536
June 8, 2017	$76.42	100	$7,642
June 8, 2017	$76.29	400	$30,516
June 8, 2017	$76.26	344	$26,233
June 8, 2017	$76.32	900	$68,688
June 8, 2017	$76.23	700	$53,361
June 8, 2017	$76.31	200	$15,262
June 8, 2017	$76.36	200	$15,272
June 8, 2017	$76.33	900	$68,697

June 8, 2017	$76.20	1,300	$99,060
June 8, 2017	$76.22	400	$30,488
June 8, 2017	$76.21	200	$15,242
June 8, 2017	$76.17	238	$18,128
June 8, 2017	$76.41	266	$20,325
June 8, 2017	$76.39	700	$53,473
June 8, 2017	$76.19	300	$22,857
June 8, 2017	$76.24	636	$48,489
June 8, 2017	$76.27	200	$15,254
June 8, 2017	$76.18	362	$27,577
June 8, 2017	$76.38	1,300	$99,294
June 8, 2017	$76.40	25,100	$1,917,640
June 8, 2017	$76.43	101	$7,719
June 8, 2017	$76.37	200	$15,274
June 8, 2017	$76.30	100	$7,630
May 16, 2018	$100.94	2,886	$291,313
August 8, 2018	$90.00	8,084	$727,560
August 24, 2018	$90.02	2,394	$215,508
Total		**50,467**	**$4,067,684**

Hilton (Stephen), Officer			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
June 13, 2017	$75.51	400	$30,204
June 13, 2017	$75.71	100	$7,571
June 13, 2017	$75.65	1,299	$98,269
June 13, 2017	$75.91	2,593	$196,835
June 13, 2017	$75.74	1,900	$143,906
June 13, 2017	$75.78	800	$60,624
June 13, 2017	$75.92	700	$53,144
June 13, 2017	$75.68	1,701	$128,732
June 13, 2017	$75.73	300	$22,719
June 13, 2017	$75.63	300	$22,689
June 13, 2017	$71.71	200	$14,342
June 13, 2017	$75.84	1,400	$106,176
June 13, 2017	$75.57	100	$7,557
June 13, 2017	$75.55	1,100	$83,105
June 13, 2017	$75.90	5,537	$420,258
June 13, 2017	$75.70	1,789	$135,427
June 13, 2017	$75.77	300	$22,731
June 13, 2017	$75.56	600	$45,336
June 13, 2017	$75.53	1,300	$98,189
June 13, 2017	$75.59	300	$22,677
June 13, 2017	$75.75	560	$42,420
June 13, 2017	$75.81	3,000	$227,430

June 13, 2017	$75.87	17,600	$1,335,312
June 13, 2017	$75.66	400	$30,264
June 13, 2017	$75.72	400	$30,288
June 13, 2017	$75.52	1,700	$128,384
June 13, 2017	$75.88	1,500	$113,820
June 13, 2017	$75.80	5,200	$394,160
June 13, 2017	$75.82	134,916	$10,229,331
June 13, 2017	$75.76	740	$56,062
June 13, 2017	$75.69	2,400	$181,656
June 13, 2017	$75.85	1,404	$106,493
June 13, 2017	$75.83	4,200	$318,486
June 13, 2017	$75.64	500	$37,820
June 13, 2017	$75.67	800	$60,536
June 13, 2017	$75.47	100	$7,547
June 13, 2017	$75.79	1,000	$75,790
June 13, 2017	$75.89	2,862	$217,197
June 13, 2017	$75.62	400	$30,248
June 13, 2017	$75.60	200	$15,120
June 13, 2017	$75.86	404	$30,647
June 13, 2017	$75.54	300	$22,662
June 13, 2017	$75.49	300	$22,647
June 13, 2017	$75.50	300	$22,650
June 16, 2017	$74.82	5,052	$377,991
Total		**208,957**	**$15,835,453**

Lawrie (John Michael), CEO			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
March 28, 2018	$102.02	100	$10,202
April 10, 2018	$102.31	7,400	$757,094
April 11, 2018	$102.48	2,500	$256,200
April 26, 2018	$103.16	2,500	$257,900
April 27, 2018	$102.92	2,500	$257,300
May 8, 2018	$102.42	2,500	$256,050
May 9, 2018	$102.94	2,500	$257,350
August 8, 2018	$89.82	55,549	$4,989,411
September 13, 2018	$92.37	30,000	$2,771,100
September 27, 2018	$94.15	2,500	$235,375
September 28, 2018	$93.65	2,500	$234,125
Total		**110,549**	**$10,282,107**

Mason (Joanne), Officer			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
June 1, 2017	$76.87	28,327	$2,177,496
June 1, 2017	$76.96	5,021	$386,416
July 24, 2018	$87.74	1,726	$151,439

Total		**35,074**	**$2,715,352**

Nefkens (Michael G), Officer			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
July 21, 2017	$80.02	15,700	$1,256,314
July 21, 2017	$80.04	10,025	$802,401
July 21, 2017	$80.00	10,672	$853,760
July 21, 2017	$80.03	1,175	$94,035
July 21, 2017	$80.10	10,460	$837,846
July 21, 2017	$80.06	2,100	$168,126
July 24, 2017	$80.02	16,526	$1,322,411
July 24, 2017	$80.05	18,100	$1,448,905
July 24, 2017	$80.04	21,425	$1,714,857
July 24, 2017	$80.00	24,974	$1,997,920
July 24, 2017	$80.03	36,700	$2,937,101
July 24, 2017	$80.01	10,603	$848,346
October 12, 2017	$92.00	35,340	$3,251,280
February 23, 2018	$102.00	39,448	$4,023,696
Total		**253,248**	**$21,556,998**

Saleh (Paul N), CFO			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
July 17, 2017	$78.01	8,400	$655,284
July 17, 2017	$78.52	2,824	$221,740
July 17, 2017	$78.00	13,700	$1,068,600
July 17, 2017	$78.16	3,400	$265,744
July 17, 2017	$78.10	2,300	$179,630
July 17, 2017	$78.04	6,200	$483,848
July 17, 2017	$78.27	1,900	$148,713
July 17, 2017	$78.23	4,500	$352,035
July 17, 2017	$78.17	1,400	$109,438
July 17, 2017	$78.14	1,900	$148,466
July 17, 2017	$78.02	9,300	$725,586
July 17, 2017	$78.03	2,800	$218,484
July 17, 2017	$78.08	1,200	$93,696
August 9, 2017	$82.67	2,360	$195,101
August 9, 2017	$82.27	12,200	$1,003,694
August 9, 2017	$82.63	13,700	$1,132,031
August 9, 2017	$82.68	1,000	$82,680
August 9, 2017	$82.71	8,900	$736,119
August 9, 2017	$82.75	1,000	$82,750
August 9, 2017	$82.49	1,300	$107,237
August 15, 2017	$85.03	7,400	$629,222
August 15, 2017	$80.02	16,400	$1,312,328
August 15, 2017	$85.06	6,000	$510,360

August 15, 2017	$85.00	34,522	$2,934,370
August 15, 2017	$85.04	7,700	$654,808
August 15, 2017	$85.05	8,900	$756,945
August 8, 2018	$90.00	19,285	$1,735,650
August 24,2018	$90.02	5,715	$514,464
September 7, 2018	$91.16	25,678	$2,340,806
September 11, 2018	$90.02	4,322	$389,066
September 13, 2018	$92.03	50,000	$4,601,500
Total		**286,206**	**$24,390,397**

Whitman (Margaret C.), Director			
Transaction Date	**Price**	**Shares Sold**	**Proceeds**
June 5, 2017	$77.61	600	$46,566
June 5, 2017	$77.66	600	$46,596
June 5, 2017	$77.32	2,190	$169,331
June 5, 2017	$77.72	1,420	$110,362
June 5, 2017	$77.62	100	$7,762
June 5, 2017	$77.40	200	$15,480
June 5, 2017	$77.29	950	$73,426
June 5, 2017	$77.73	680	$52,856
June 5, 2017	$77.00	100	$7,700
June 5, 2017	$77.46	700	$54,222
June 5, 2017	$77.70	2,400	$186,480
June 5, 2017	$77.75	1,615	$125,566
June 5, 2017	$77.74	1,000	$77,740
June 5, 2017	$77.44	700	$54,208
June 5, 2017	$77.51	100	$7,751
June 5, 2017	$77.19	400	$30,876
June 5, 2017	$77.26	300	$23,178
June 5, 2017	$77.71	900	$69,939
June 5, 2017	$77.69	5,500	$427,295
June 5, 2017	$77.02	400	$30,808
June 5, 2017	$77.15	300	$23,145
June 5, 2017	$77.20	600	$46,320
June 5, 2017	$77.59	3,324	$257,909
June 5, 2017	$77.38	200	$15,476
June 5, 2017	$77.64	1,500	$116,460
June 5, 2017	$77.60	1,400	$108,640
June 5, 2017	$77.37	100	$7,737
June 5, 2017	$77.47	500	$38,735
June 5, 2017	$77.28	850	$65,688
June 5, 2017	$77.25	100	$7,725
June 5, 2017	$77.39	600	$46,434
June 5, 2017	$77.12	601	$46,349
June 5, 2017	$77.42	600	$46,452

June 5, 2017	$77.31	400	$30,924
June 5, 2017	$77.54	1,500	$116,310
June 5, 2017	$77.14	200	$15,428
June 5, 2017	$77.06	600	$46,236
June 5, 2017	$77.53	1,100	$85,283
June 5, 2017	$77.21	200	$15,442
June 5, 2017	$77.65	1,300	$100,945
June 5, 2017	$77.16	199	$15,355
June 5, 2017	$77.03	600	$46,218
June 5, 2017	$77.10	200	$15,420
June 5, 2017	$76.99	100	$7,699
June 5, 2017	$77.33	1,300	$100,529
June 5, 2017	$77.58	900	$69,822
June 5, 2017	$77.23	100	$7,723
June 5, 2017	$77.57	1,000	$77,570
June 5, 2017	$77.49	800	$61,992
June 5, 2017	$77.50	200	$15,500
June 5, 2017	$77.41	700	$54,187
June 5, 2017	$77.76	400	$31,104
June 5, 2017	$77.77	300	$23,331
June 5, 2017	$77.80	200	$15,560
June 5, 2017	$77.68	2,400	$186,432
June 5, 2017	$77.27	900	$69,543
June 5, 2017	$77.24	400	$30,896
June 5, 2017	$77.55	900	$69,795
June 5, 2017	$77.56	2,500	$193,900
June 5, 2017	$77.34	1,100	$85,074
June 5, 2017	$77.43	1,300	$100,659
June 5, 2017	$77.30	300	$23,190
June 5, 2017	$77.05	200	$15,410
June 5, 2017	$77.52	700	$54,264
June 5, 2017	$77.35	300	$23,205
June 5, 2017	$77.67	600	$46,602
June 5, 2017	$77.45	2,010	$155,675
June 5, 2017	$77.36	500	$38,680
Total		**57,939**	**$4,491,115**

119. At the time of the Merger, Lawrie's internal forecasts reflected plans for a $2.7 billion in essential (not duplicative) workforce reduction in the first year – nearly triple the $1 billion in total "synergies" represented in the Offering Materials. The undisclosed nature and severity of this plan – a mass layoff of DXC's older, most essential and experienced employees, offloading their higher salaries to juice reported earnings ahead of tens of millions of dollars in insider sales - was

fundamentally inconsistent with the optimized culling of duplicative employees as represented in the Offering Materials. The foreseeable impact of the actual but undisclosed plan – sweeping cuts to older, essential personnel, timed not to optimize the sales force but rather to inflate DXC's short term quarterly financial results – was that DXC would be (and in fact was) unable to deliver on its client contracts, greatly undermining client satisfaction as well as employee capacity and morale. As later admitted by DXC's former Executive Vice President and Head of Global Delivery, Stephen J. Hilton, who reported directly to Lawrie before and after the Merger, DXC's draconian cuts to senior personnel juiced short-term earnings but proved "***disastrous for DXC's long-term revenue***."

120. DXC's employees recognized that the magnitude, timing and scope of the age- and quota-driven workforce reductions would negatively impact the Company's business and result in customer losses in 2017 and 2018. Company employees recognized that by terminating older, highly skilled and long-term employees only to substitute in younger, cheaper (often poorly trained off-shore) workers who lacked the more experienced, U.S.-based employees' experience and customer relationships, Defendants' mass layoff plan would severely undercut the quality of the technology DXC could offer and service for its clients. Similarly, DXC's executives recognized that these drastic age- and quota-driven workforce reductions would only the boost reported earnings in the short term. This would inevitably lead to long term negatively impact with the Company losing customers as the critical workforce was hollowed out and the quality of the Company's offerings and capacity deteriorated. Simply put, DXC recognized that lower-cost, typically junior employees, were no substitute for terminated employees who had long-term relationships with DXC's customers and institutional awareness of system configuration. After all, the termination targeted U.S.-based technicians with intimate familiarity of DXC's client's computer system. Without that experience, DXC's services, along with its business, were sure to, and in fact did, deteriorate.

121. Moreover, Defendant Lawrie knew the severe negative impact these cuts would likely have on DXC's business going forward because he had implemented similar cuts at CSC pre-Merger and witnessed the blowback consequences first-hand. For example, as described in a January 2017

article in the *Register*, titled "***CSC UK set for 'jobs massacre' as 1,101 heads put on chopping block***":

> Sickly outsourcing titan CSC UK is strapping another 1,101 staff to the employment catapult to be hurled out of the organisation between March and September . . . the latest move indicated a "massive failure" on the part of senior management - CSC has been a perennial cost cutter since CEO Mike Lawrie was hired in 2012 . . .

122. The article further described "the massive adverse impact on the ability of the skeleton that would be left of CSC to deliver on services to the various customers that CSC employees serve."

123. Then, similar concerns were reported by British ministers in a March 2017 article in the Register, titled "***MP brands 1,600 CSC layoffs as the 'worst excesses of capitalism***,'" who described "the tale of CSC's recent past includes rounds of redundancies, lost contracts, service failures and missed profit targets, followed by further redundancies and the whole cycle repeating itself . . . ***CEO Mike Lawrie has repeatedly cut jobs*** since he assumed the role in 2012[] ***seemed to be 'entirely' about the company cutting costs to meet financial targets***." The further article quoted British minister Toby Perkins in part as follows: "when CSC moves in, jobs often move out." The article further noted the impact these drastic cuts had had on CSC's customers, resulting in, *inter alia*, "the botched NHS project that led to a $190m fine for over-reporting profits and the business is on its fourth UK boss in two years."

124. As DXC employees would later admit, even before the Merger Lawrie internally recognized that implementing the planned mass layoff would negatively impact customer satisfaction. Relatedly, DXC employees have admitted that Lawrie and Saleh were aware that the mass layoff was likely to negatively impact DXC's ability to grow revenues over time. These age- and quota-driven terminations also predictably impacted DXC's customer relationships because of the decrease in the number of employees who understood DXC's product lines and the consequent turmoil within DXC's remaining ranks.

Defendants Were Required to Disclose Its Age- and Quota-Driven Mass Layoff Plans.

125. For at least three independent reasons, Defendants were required to disclose in the

Offering Materials the material facts regarding its actual mass layoff plans.

126. First, Item 303 required disclosure of any known events or uncertainties that had caused or were reasonably likely to cause DXC's disclosed financial information not to be indicative of future operating results. Defendants' undisclosed plan for the age- and quota-driven firing of tens of thousands of older, more experienced, non-duplicative employees, was not only discriminatory and targeted at the most knowledgeable, longer-tenured (and hence more costly) senior personnel based on age and cost (not merit or redundancy), but, moreover, the termination of older, more experienced and essential employees prevented DXC from servicing its clients, executing sales, and performing its contracts, predictably leading to a backlash from dissatisfied customers and materially and adversely affecting DXC's financial results and prospects. Company insiders admit that the actual plan existed and was known and discussed among Defendants before the Merger. Before the Merger, the mass firings of older, more experienced (but higher paid) employees were already decided and certain to hollow out the Company, eliminating its most essential workforce. Worse still, the undisclosed plan for mass layoffs of DXC's older, most essential and experienced employees, had nothing to do with "optimization" or "redundancy" but rather was designed to offload older employees' higher salaries and juice reported earnings ahead of tens of millions of dollars in insider sales. These undisclosed trends, events, and their likely consequences, were known at the time and thus Item 303 required disclosure.

127. Second, Item 105 required, in the "Risk Factor" section of the Offering Materials, a discussion of the most significant factors that made the offering risky or speculative and that each risk factor adequately describe the risk. While the Offering Materials' discussion of risk factors listed other personnel-related risks in vague and generic term, it made no mention of risks posed by Defendants' undisclosed plan for age- and quota-driven firings of tens of thousands of critical, non-duplicative employees based on age and cost, not merit or redundancy Defendants drastic plan was already decided before the Merger and ready to drop after the Merger, yet the risks posed thereby were not disclosed, much less adequately described as required by Item 105.

128. Third, Defendants' failure to disclose the nature and extent of its planned mass layoffs

of DXC's older, most essential and experienced employees, much less their likely impact, rendered false and misleading the Offering Materials' many references to known risks that, "***if***" they occurred, "***may***" or "***could***" affect the Company. The substantial business downturn from Defendants' plan to terminate thousands of its most valuable employees presented known risks that were certain to arise from execution of that plan. Defendants' plan was already in place and at the ready when the Merger closed. By affirmatively touting the incoming management team's "workforce optimization" plan, purported "synergies," and the like, Defendants were required to disclose the materially different nature, extent, and severity of the actual planned cuts.

DEFENDANTS' MISSTATEMENTS AND OMISSIONS WERE MATERIAL

129. With the foregoing material misrepresentations and omissions in the Offering Materials, Defendants were able to complete the Merger.

130. But as a direct result of Defendants' pre-Merger plan to terminate the Company's older, most experienced employees, the company incurred severe harm to its capabilities, revenue, and long-term viability. The Company also predictably face a wave of age discrimination, employment class action, and other lawsuits filed in the wake of the Merger as a direct result of the undisclosed mass firing of employees based on age. Once investors and the public at large became aware of the effects of the Company's actual plans and consequences therefrom, the price of DXC's shares dropped precipitously.

Defendants' Undisclosed Plan to Terminate Essential Employees Crippled the Company

131. The method by which DXC implemented the layoffs undermined the Company's ability to deliver on its obligations to its customers and ultimately damaged the company. As the Company disproportionately shed its older, most experienced and knowledgeable employees following the Merger, it became unable to meet its commitments to existing and potential customers. Deals were closed, but DXC could not deliver on them because it lacked the necessary personnel and resources to fulfill its obligations. The Company also had to forgo lucrative business opportunities because it lacked the resources and capacity to staff existing and new projects with employees experienced and knowledgeable enough to execute and follow through.

132. At the first DXC sales conference, Paul Saleh told attendees to look around the room and that of the 5,000 or so present, there would only be 4,000 left by the next year. Although Defendants' quota-driven terminations treated DXC's older employees as replaceable, they were far from it. The loss of an older, more experienced employee's existing relationship with a client, as well as his or her skills and knowledge – such as the intimate understanding of a client's computer systems – negatively affected the level of service DXC could provide to its clients.

133. The younger, cheaper new hires brought in were no substitute for hard-earned capacity and institutional knowledge and experience lost in Defendants age- and quota-driven mass firings. Nor could automation replace many of the functions previously handled by DXC's older, more experienced human workers. For instance, DXC provided its clients with an IT help desk for the client's end-users. If experienced service desk personnel were laid off, end-users would not only experience extended wait times, but may not receive the help they need at all, adding to customer frustration. Moreover, the lack of experienced personnel put pressure on the remaining DXC employees, placing the Company at risk of not fulfilling the performance standards set forth in its service level agreements with its clients. In fact, DXC employees have admitted that that the mass termination of older, experienced employees outstripped whatever gains automation could hope to deliver by a factor of three.

134. The turnover resulting from the age- and quota-driven layoffs also severely impaired DXC's ability to develop new business or to expand existing agreements with its customers. Aware of the rapid turnover, DXC's customers complained that they had eliminated too many experienced employees, which hurt DXC's ability to fulfill service level agreements with its customers. DXC's customers and former customers turned to a process known as "insourcing," whereby those customers would hire the very same older, experienced employees terminated by DXC because those former employees were essential to accomplishing the customers' objectives.

135. Following the Merger and ensuing mass layoffs of older, experienced employees, DXC cut the number of employees assigned to many of its client accounts – including some of its largest client accounts worth $100 million or more a year – by upwards of 50 percent. DXC's

relationship with long-standing customers suffered as a result, for the mass layoffs of experienced personnel created self-inflicted employee and operational shortfalls which directly caused DXC to lose out on business. In sum, the widespread layoffs of older, experienced and thus essential employees compromised DXC's ability to meet service standards, which in turn prevented DXC from renewing or earning new business from existing customers. DXC was routinely unable to meet its commitments to customers and lost business as a result of Defendant's mass layoff plan.

136. For example, in April 2018, a $41 million deal with one of DXC's largest U.S.-based customers, Mondelēz International, Inc., failed after Mondelēz lost confidence in DXC due to staffing cuts and poor performance under an existing contract. Prior to the Merger, as many as 1,000 senior employees were assigned to the Mondelēz account, but the number and experience-level of the assigned employees had dropped to about 350 after the Merger, leading to long delays in fulfilling DXC's contractual obligations and promises of automation went unfulfilled. When DXC's Account Executive for Mondelēz raised concerns about DXC's contract performance, he was instead given more targets for reducing the headcount and told to provide names of employees for termination. By targeting senior and experienced employees as part of the massive terminations, DXC's ability to service the Mondelēz account suffered.

137. For another example, a November 9, 2017, article in *The Register* detailed how DXC had already lost two contracts with the U.K. government just months after the Merger.

138. For another example, within the first year after the Merger, DXC was forced to walk away from a prospective $72 million dollar deal with PNC Bank because it lacked the experienced staff to perform the contract if it was awarded.

139. For another example, DXC's lack of experienced staffing resulted in at least two information technology outages for one of its key customer United Airlines, with approximately $176 million in business, resulting in a system-wide shutdown and calls by United Airlines to speak directly with Lawrie regarding the service problems. As a result of DXC's mass layoff of older, experienced employees, they simply did not have the know-how or resources to meet United Airlines' needs. In October 2018, United refused to renew a significant portion of its contracts with

DXC. In November 2018, Lawrie admitted to United Airlines's frustrations at an Investor Day event.

140. DXC also terminated older, experienced employees with knowledge of how to configure longtime customer Baker & Taylor's data storage system. In the immediate wake of the Merger, Defendants had fired the older employees with direct experience pursuant to their undisclosed mass layoff plan. Consequently, Baker & Taylor's ordering system became inoperative for several days in or around April 2017, resulting in nearly $10 million in lost orders. Following legal threats, DXC was forced to pay Baker & Taylor nearly half a million dollars and lost out on future opportunities with Baker & Taylor and its parent company.

141. DXC's decision to terminate a large number of older, more experienced employees also negatively affected its public sector line of business, which had large contracts with governmental agencies, including several in California. The contracts required DXC to make available particular experienced staff members with critical skillsets, but as some of these older employees were swept up in age- and quota-driven firings, it became difficult (near impossible) for DXC to meet these staffing requirements, causing the agencies to raise concerns about the constant turnover. The mass layoffs of older, experienced employees directly impaired DXC's ability to satisfy its public agency contract requirements. Concurrent with the cuts, DXC lost public agency contracts.

142. DXC also lost other potential contracts with companies such as Avaya because DXC's senior executives would not approve the necessary hiring to staff them. Given the negative impact of its older, more senior, high-level employee terminations, DXC employees have also stated that to improve the appearance of the financial metrics of its digital offerings, the Company resorted to misclassifying certain revenues as Cloud-based, *i.e.*, digital revenue.

143. Similarly, in or around June 2018, MassMutual terminated an approximately $15 million a year contract because mass layoffs of older, experienced employees had rendered DXC unable to deliver on service level agreements.

144. DXC's quota-driven terminations of older, more experienced employees and its

mounting failures to service its customers damaged the Company's reputation. For example, DXC employees have admitted that mass layoffs eroded the Company's reputation at the Pentagon which grew frustrated with execution issues and lost trust in DXC's ability to service the Navy's Next Generation Enterprise Network contract, one of the most important parts of the Company's federal business. This was a foreseeable consequence of the Company's plan when it was conceived before the Merger. Many of DXC's groups – such as Security and Cloud – already faced greater recruiting challenges because they required very specific skills and experiences. As a result of the Company's mass layoffs of older, experienced workers and reputational damage caused thereby, it lost the ability to recruit the kind of highly skilled employees who would be able to restore the Company's reputation and long-term viability.

145. The Company's Chief Technology Officer for the Americas Region during the first nine months following the Merger observed that DXC's worsening reputation for mass firings and resulting brain-drain limited it to hiring "B or C" players or paying inflated rates for outside contractors. Due to limited budgets and its poor reputation, DXC was often unable to find experienced candidates with the necessary skillset. Instead, DXC continued to resort to hiring recent graduates with little or no experience.

146. Once employment candidates researched DXC and learned about its mass layoffs, rampant history of age discrimination, and hollowed out senior personnel, their interest in working for the Company ceased. During the summer of 2017, Lawrie became infuriated when told at a weekly workforce planning meetings that he and Saleh attended that recruitment challenges stemmed from prospective employees declining interviews because they did not want to join a company only to be laid off. The consequent hit to DXC's reputation left it unable to hire workers with the necessary skill and experience necessary and thus unable to meet its obligations to its customers.

147. DXC's employees estimated that customers initiated holds 10-20 times normal rates for DXC's delivery and service stemming from delivery and service concerns, resulting in significant gaps between revenue and consultant billing targets. DXC's management was told of these gaps, including in or around September 2018, and admitted that they had no plan in place to remedy such

shortfalls.

DXC Stock Collapsed as a Result of Defendants' Undisclosed Plan

148. The price of DXC stock suffered sharp declines as the existence and consequences of its severe cost-cutting and earnings management plan (and the fact of Defendants' material misrepresentations and omissions) gradually emerged through a series of partial disclosures, including but not limited to SEC filings, Company admissions, analyst and market reports, civil actions commenced by former DXC executives, and statements from former and current employees that appeared in the media and other sources.

149. For example, on October 24, 2018, an article in *The Register* reported the firing of a senior DXC executive and quoted a DXC insider as saying the Company was "***descending into turmoil***." Another source stated that "the company is in chaos as all the cuts are leading to mounting customer complaints." The October 24, 2018 article in *The Register* further reported that "DXC has lost numerous contracts in the past year including with the [UK] Department for Work and Pensions, Aviva and Centrica."

150. Analysts tied the October 24, 2018 article in *The Register* to the decrease in DXC's stock price. For example, on October 24, 2018, analysts at BMO Capital Markets stated that while "we believe DXC shares are meaningfully lower today following the publication of an article in the Register[,] [w]e don't know if the content of the article is true." Further, the BMO Capital Markets report stated that "such a steep drop in revenues would be very surprising, as compared to bookings."

151. Also on October 24, 2018, Cantor issued an analyst report recognizing that "unsubstantiated" October 24, 2018 article in *The Register* "is causing the volatility in the name today -19%," because "investor primary focus is on DXC's ability to grow the business" and "[t]he articles contents would bring into question the company's ability to execute on growth initiatives."

152. Similarly, J.P. Morgan published a report titled, "Article on Americas Exec Departure Strikes a Raw Nerve," noting that "DXC stock is down 16% (vs. flat S&P 500) in response to an article from The Register highlighting the departure of DXC's Americas executive Puri amid sales weakness." While stating that "Puri was a piece of the margin expansion story in our minds given

background from HCL," J.P. Morgan's report asserted that the stock price decline was "overdone" based on "our sense is that the article is referring to weak bookings (not revenue), which have been weak in recent reports."

153. Wells Fargo also issued a report that stated that "[t]he article clearly has shaken investor confidence in what the forward outlook will be . . . Executive turnover is never a surprise at DXC, but if it relates to a notable revenue miss as the article suggest that would create concerns going into the November 8th event."

154. The next day, *The Register* reported that DXC's stock price dropped from $86.54 to $70.42 as investors learned of the fallout from the Company's pre-Merger plans. In response, the Company filed a Form 8-K publicly downplaying the news and reiterating its previous financial guidance.

155. On November 6, 2018, DXC filed another Form 8-K, in which it disclosed that DXC had suffered an 8% year-over-year decline in revenue, with a shortfall of more than $440 million. In response, during subsequent weeks, the price of DXC stock declined: By December 24, 2018, DXC stock closed at $50.03 per share, ***a decline of nearly 20%*** from the approximately $59 share price on the Merger exchange date.

156. Also on November 6, 2018, Defendants discussed the revenue decline further during an earnings call where, among other matters, Lawrie admitted that "revenue was down 6.2% year-over-year and roughly $200 million below our expectations for the quarter." Lawrie stated that the primary causes for the $200 million revenue shortfall included approximately $100 million from a "slower ramp-up on a few large Digital contracts" and approximately $80 million from "a decline in our application and maintenance management business," "particularly in the Americas," which Lawrie stated was down "about 3.5% year-over-year." During that call, Defendants announced an approximately $800 million reduction in revenue guidance for the fiscal year, now projecting revenue of $20.7 billion to $21.2 billion. Lawrie admitted that "it is taking us longer than expected to *bring on resources to support the digital growth*." Further, Lawrie admitted: "[t]here's no question there's demand . . . when you see the bookings and you see that sequential growth in bookings, this

isn't an issue with demand. *It's an issue of being able to satisfy that demand*." Indeed, Lawrie admitted that he had "run our workforce and labor programs very tightly, very tightly" and that DXC "had a very thin bench," and that the Company needed to "accelerate our hiring." Further, Lawrie stated that there was "a reduction in application maintenance spend in several large accounts."

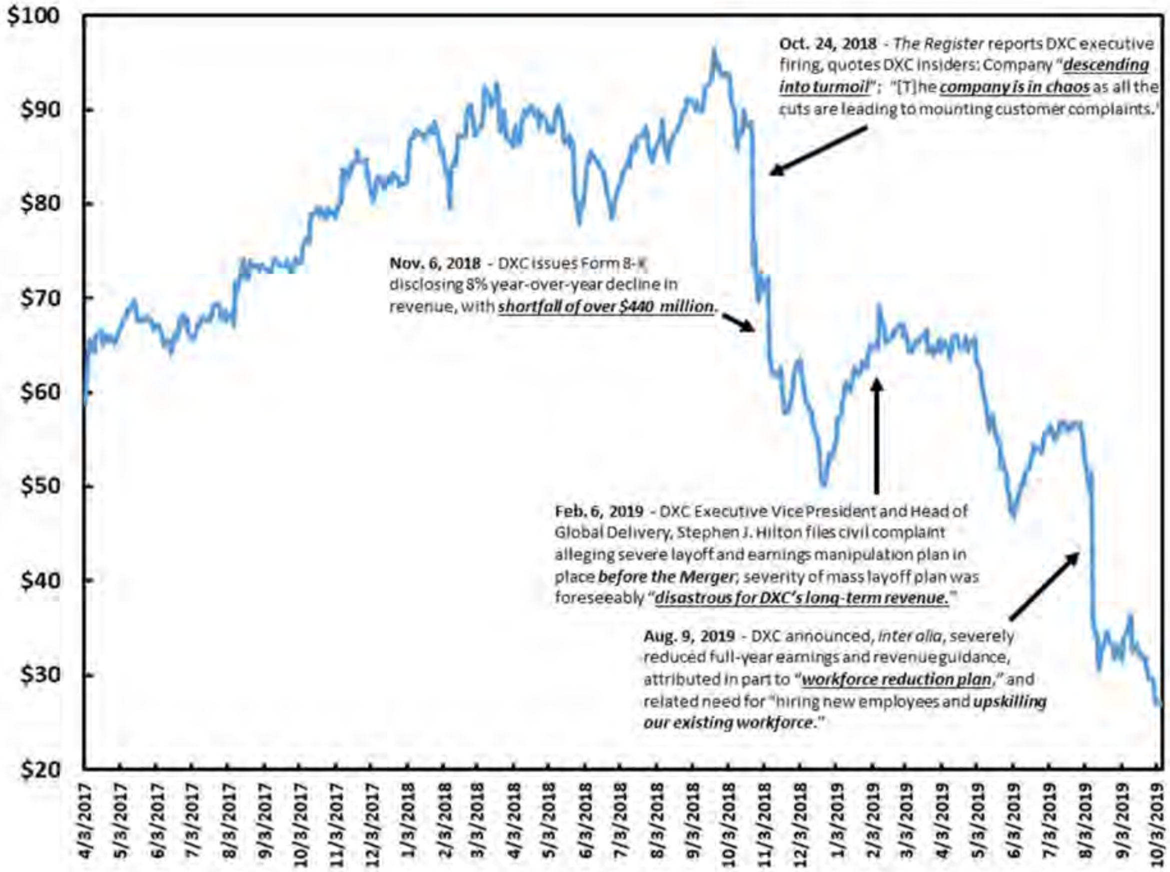
157. Analysts recognized that Defendants' admission validated *The Register*'s reporting. On November 6, 2018, Deutsche Bank wrote that "DXCs 2Q19 results confirmed the revenue weakness highlighted in the recent Register article, as DXC was forced to cut revenue guidance[.]" Similarly, BMO Capital Markets wrote, "Against Low Expectations, Top Line Is Disappointing . . . Though we had trimmed our estimates on November 1, our revisions were not enough."

158. On November 7, 2018, J.P. Morgan issued an analyst report stating, "While weak revenue is not new at DXC, high magnitude of miss could further pressure the stock today" as "investors' expectations of organic revenue growth turning around could get pushed out a bit." The report also refuted Defendants' halfhearted attempts to blame client demand, stating, "We believe IT services demand environment remains healthy, and DXC's weakness stemmed from company specific execution challenges (IBM Services revenue had improved in C3Q)."

159. On February 6, 2019, DXC's former Executive Vice President and Head of Global Delivery, Stephen J. Hilton, who had reported directly to Defendant Lawrie before and after the Merger, filed a civil complaint in the Southern District of New York detailing how Defendants planned DXC's severe layoffs ***before the Merger***. Hilton further described how, despite being warned about the severe negative consequences that would ensue from the plan, Defendant Lawrie had focused so extensively on cutting costs and firing thousands of employees to drive up short-term financial numbers that DXC had become dangerously impaired in its ability to deliver contractually mandated services to its clients. Hilton's complaint notes that the pace and severity of DXC's massive layoffs had foreseeable "negative impacts on customer satisfaction" and were "disastrous for DXC's long-term revenue."

160. On August 9, 2019, DXC announced, *inter alia*, severely reduced full-year earnings and revenue guidance. On this news the price of DXC shares plummeted by over 30%.

161. These declines were material:



162. DXC shares have since traded as low as $26.02 per share, a decline of over 50% from the approximately $59 price per share on the exchange date for the Merger.

CLASS ACTION ALLEGATIONS

163. Plaintiffs bring this case as a class action under California Code of Civil Procedure §382 on behalf of all persons and entities who acquired DXC common stock in exchange for CSC securities pursuant to the Offering Materials (the "Class"). Excluded from the Class are Defendants and their families, the officers and directors and affiliates of Defendants at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

164. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are hundreds of members in the proposed Class. Members of the Class may be identified from records maintained by DXC or its transfer agent and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

165. Plaintiffs' claims are typical of the claims of the Class members, all of whom are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

166. Plaintiffs will fairly and adequately protect the interests of the Class and have retained counsel competent and experienced in class and securities litigation.

167. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether Defendants violated the Securities Act;

(b) whether the Offering Materials were negligently prepared and contained inaccurate statements and omissions of material fact required to be stated therein; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

168. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Joinder of all members is impracticable, and the damages suffered by individual Class members are relatively small as compared with Defendants' combined resources. Class treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, and expense that numerous individual actions would engender.

FIRST CAUSE OF ACTION

For Violation of §11 of the Securities Act
Against All Defendants

169. Plaintiffs incorporate the above and below allegations as if set forth fully herein.

170. This Cause of Action is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against each of the Defendants.

171. This Cause of Action avers and sounds in strict liability. This Cause of Action expressly excludes and disclaims any allegation that could be construed as alleging fraud or scienter, as this cause of action is solely based on claims of strict liability and/or negligence under the Securities Act. This Cause of Action does not sound in fraud and Plaintiff expressly disavows and disclaims any allegation that Defendants acted with scienter or fraudulent intent, which alongside reliance, are not elements of a claim under §11 of the Securities Act.

172. The Registration Statement contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

173. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and free from omissions of any material facts and were not misleading.

174. By reason of the conduct herein alleged, each Defendant is liable to Plaintiffs and Class members for having violated, or controlled an employee who violated, §11 of the Securities Act.

175. Defendant DXC is the issuer of the stock sold in the Merger. As the issuer, DXC is strictly liable to Plaintiffs and the Class under Section 11 for the material misrepresentations and omissions in the Registration Statement and the failure of the Registration Statement to be complete and accurate.

176. The Individual Defendants each signed or were named as directors in the Registration Statement. As such, each is strictly liable for the material misrepresentations and omissions contained in the Registration Statement and the failure of the Registration Statement to be complete

and accurate, unless they are able to carry their burden of establishing an affirmative "due diligence" defense. Each Individual Defendants had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement and ensure that they were true and accurate, that there were no omissions of material facts that would render the Registration Statement misleading, and that the document contained all facts required to be stated therein. In the exercise of reasonable care, the Individual Defendants should have known of the material misrepresentations and omissions contained in the Registration Statement and should have known of the omissions of material facts necessary to make the statements made therein not misleading or otherwise required to be stated therein. Accordingly, the Individual Defendants are liable to Plaintiffs and the Class under Section 11 for the material misrepresentations and omissions in the Registration Statement and the failure of the Registration Statement to be complete and accurate.

177. Defendant HPE designated HPE executive employees, including Defendant Whitman, to serve on, and be named in the registration Statement as incoming members of, the DXC Board. Whitman, in her capacity as HPE CEO and within the scope of her role as an employee representative of HPE on the DXC Board, was personally involved in the negotiation, execution, and implementation of the Merger. Further, in her capacity as CEO and within the scope of her role as an employee representative of HPE, Whitman participated in making the statements contained in, and was named as an incoming DXC Director in, the Registration Statement. HPE is thus vicariously liable under Section 11 and the doctrines of *respondeat superior* and actual or apparent agency for the material misrepresentations and omissions in the Registration Statement and the failure of the Registration Statement to be complete and accurate.

178. Plaintiffs acquired DXC shares directly in the Merger pursuant to the Offering Materials and without knowledge of the untruths and omissions contained therein.

179. Plaintiffs and the Class have sustained damages. The value of DXC common stock has declined substantially subsequent to and due to Defendants' violations.

180. This claim is brought within one year after the discovery of the untrue statements and

omissions at issue and within three years of the date of the offering.

181. By virtue of the foregoing, Plaintiffs and Class members are entitled to damages under §11, as measured by the provisions of §11(e), as well as any and all remedies that may exist in equity or at law.

SECOND CAUSE OF ACTION

For Violation of §12(a)(2) of the Securities Act
Against Defendants DXC, HPE, Lawrie and Whitman

182. Plaintiffs incorporate the above and below allegations as if set forth fully herein.

183. This Cause of Action is brought pursuant to § 12(a)(2) of the Securities Act, 15 U.S.C. §77*l*(a)(2), on behalf of the Class, against each of the Defendants identified in this Cause of Action.

184. This Cause of Action avers and sounds in strict liability. This Cause of Action expressly excludes and disclaims any allegation that could be construed as alleging fraud or scienter, as this cause of action is solely based on claims of strict liability and/or negligence under the Securities Act. This Cause of Action does not sound in fraud and Plaintiff expressly disavows and disclaims any allegation that Defendants acted with scienter or fraudulent intent, which alongside reliance are not elements of a claim under §12(a)(2) of the Securities Act.

185. By means of the prospectus, Defendants promoted, solicited, and sold DXC shares to Plaintiffs and Class members. Defendants were sellers to and direct solicitors of purchasers of the Company's securities offered pursuant to the offering. Defendants issued, caused to be issued, or signed or authorized the signing of the prospectus in connection with the offering, and used it to directly induce investors, including Plaintiffs and the other Class members, to purchase the Company's shares.

186. The prospectus contained untrue statements of material fact and concealed and failed to disclose material facts, as detailed above. Defendants' acts of solicitation included participating in the preparation, dissemination, and promotion of the false and misleading prospectus directly to Plaintiffs and Class members.

187. Defendants owed Plaintiffs and Class members the duty to make a reasonable and diligent investigation of the statements contained in the prospectus to ensure that such statements

were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the Offering Materials as set forth above.

188. Plaintiffs did not know – nor, in the exercise of reasonable diligence, could they have known – of the material untruths and omissions contained in the prospectus at the time Plaintiffs acquired DXC shares.

189. By reason of the conduct alleged herein, Defendants violated §12(a)(2) of the Securities Act. As a result of such violations, Plaintiffs and Class members received DXC shares pursuant to the prospectus and sustained substantial damages in connection with their purchases of the stock. Accordingly, Plaintiffs and the other members of the Class who hold the common stock issued pursuant to the Offering Materials, have the right to rescind and recover the consideration paid for their shares, and hereby tender their DXC common stock to Defendants. Class members who have sold their DXC common stock seek damages, disgorgement, and additional remedies to the extent permitted in equity or at law.

190. This claim is brought within one year after the discovery of the untrue statements and omissions at issue and within three years of the date of sale to Plaintiffs and Class members.

THIRD CAUSE OF ACTION

For Violation of §15 of the Securities Act
Against All Defendants

191. Plaintiffs incorporate the above and below allegations as if set forth fully herein.

192. This Cause of Action is brought pursuant to §15 of the Securities Act, 15 U.S.C. §77o, against all Defendants.

193. This Cause of Action avers and sounds in strict liability. This Cause of Action expressly excludes and disclaims any allegation that could be construed as alleging fraud or scienter, as this cause of action is solely based on claims of strict liability and/or negligence under the Securities Act. This Cause of Action does not sound in fraud and Plaintiff expressly disavows and disclaims any allegation that Defendants acted with scienter or fraudulent intent, which alongside

reliance are not elements of a claim under §15 of the Securities Act.

194. The Individual Defendants were controlling persons of DXC or HPE by virtue of their positions as directors or senior officers of DXC, HPE, and CSC. The Individual Defendants each had a series of direct or indirect business or personal relationships with other directors or officers or major shareholders of DXC, HPE, and CSC. DXC controlled the Individual Defendants and all DXC's employees. HPE controlled DXC and orchestrated and negotiated the Merger. Before the Merger, HPE was the sole controlling shareholder of DXC. After the Merger, HPE shareholders held a controlling majority (approximately 50.1%) of the outstanding common shares of DXC. HPE exercised its control over DXC and the Merger by designating HPE employee representatives as officers and directors of DXC, and controlled those Individual Defendants, who, within the scope of their employment with HPE, participated in making the statements contained in, signed, or agreed to be named as incoming officer and director designees in the Offering Materials.

195. By reason of such wrongful conduct, each Defendant was a culpable participant in the violations of §§11 and 12(a)(2) of the Securities Act alleged above, and thus also liable pursuant to §15 of the Securities Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

A. Under California Code of Civil Procedure §382, certifying this class action, appointing Plaintiffs as Class representatives, and appointing Plaintiffs' counsel as Class Counsel;

B. Awarding damages in favor of Plaintiffs and the Class against all Defendants, jointly and severally, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including reasonable counsel fees and expert fees;

D. Awarding rescission, disgorgement, or such other equitable or injunctive relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiffs demand trial by jury.

Dated: September 21, 2022

Respectfully submitted,

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Executive Committee Members

CERTIFICATE OF SERVICE

I hereby certify that on September 21, 2022, I served the foregoing document on all counsel on record through One Legal LLC's e-filing system.

/s/ *Adam E. Polk*