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Second Quarter 2025 Earnings

November 7, 2024

Disclaimers

Forward-looking statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements often contain words such as "aim," "anticipate," "believe," "contemplate," "could," "estimate," "expect," "forecast," "intend," "may," "opportunity," "plan," "position," "predict," "project," "should," "seek," "target," "will," "would" and other similar words or expressions or the negative thereof or other variations thereon. All statements, other than statements of historical fact, including without limitation, statements concerning the Company's plans, objectives, goals, beliefs, business strategies, future events, business condition, results of operations, financial position, business outlook and business trends, including without limitation the information presented in the outlook section of this presentation (which does not assume any future acquisitions or divestitures), may be forward-looking statements. These statements do not guarantee future performance and speak only as of November 7, 2024, and the Company assumes no obligation to update its forward-looking statements, except as required by law. Actual outcomes or results may differ materially from those suggested by forward-looking statements as a result of risks and uncertainties which include, among others: failure to attract new customers, retain existing customers or sell additional services to customers; failure to meet growth and productivity objectives; competition; impacts of relationships with critical suppliers and partners; failure to address and adapt to technological developments and trends; inability to attract and retain key personnel and other skilled employees; impact of economic, political, public health and other conditions; damage to the Company's reputation; inability to accurately estimate the cost of services and the timeline for completion of contracts; service delivery issues; the Company's ability to successfully manage acquisitions and dispositions, including integration challenges, failure to achieve objectives, the assumption of liabilities and higher debt levels; the impact of our business with government customers; failure of the Company's intellectual property rights to prevent competitive offerings and the failure of the Company to obtain, retain and extend necessary licenses; the impairment of our goodwill and long-lived assets; risks relating to cybersecurity, data governance and privacy; risks relating to non-compliance with legal and regulatory requirements; adverse effects from tax matters and environmental matters; legal proceedings and investigatory risks and potential indemnification obligations; impact of changes in market liquidity conditions and customer credit risk on receivables; the Company's pension plans; the impact of currency fluctuations; risks related to the Company's spin-off; and risks related to the Company's common stock and the securities market; and other factors described in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on May 30, 2024, as such factors may be updated from time to time in the Company's subsequent filings with the SEC.

Non-GAAP financial measures

Financial information contained in this presentation includes certain financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting policies in the United States of America (GAAP), such as adjusted EBITDA, adjusted pretax income (loss), adjusted net income (loss), adjusted EPS, adjusted EBITDA margin, adjusted pretax margin, adjusted net margin, net debt, net leverage ratio, adjusted free cash flow and constant currency, which include or exclude certain items from the most directly comparable GAAP financial measure. These non-GAAP measures differ from reported GAAP measures and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors as an additional tool for further understanding and assessing Kyndryl's expected ongoing operating performance. Exclusion of items in our non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. Definitions of the non-GAAP measures are included in the appendix of this presentation. A reconciliation of non-GAAP financial measures for historical periods to the most directly comparable GAAP financial measure appears in the appendix to this presentation. Any non-GAAP financial measure used in this presentation is in addition to, and not meant to be considered superior to, or a substitute for, measures prepared in accordance with GAAP. A reconciliation of forward-looking non-GAAP financial information is not included in this presentation because the Company is unable to predict with reasonable certainty some individual components of such reconciliation without unreasonable effort. These items are uncertain, depend on various factors and could have a material impact on future results computed in accordance with GAAP. Additionally, certain amounts may not add due to the use of rounded numbers; percentages presented are calculated based on the underlying amounts.

Speakers

Lori Chaitman, Global Head of Investor Relations

Martin Schroeter, Chairman and Chief Executive Officer

David Wyshner, Chief Financial Officer

Continuing to build a strong track record of successful execution

Progress on our financials

Signings	**Earnings**	**Cash flow**
Up 33% in LTM, with 9% projected pretax margins	Expect FY25 adjusted pretax income up at least $295M year-over-year	Expect ~$300M of adjusted free cash flow in FY25

Progress on our differentiation

Kyndryl Consult	**Kyndryl Bridge**
Double-digit revenue growth expected in FY25	Delivering AI-enabled insights and resiliency to customers

Progress on our 3A's

Alliances	**Accounts**	**Advanced Delivery**
$260M hyperscaler revenue in Q2; FY25 target of nearly $1B	$775M annualized profit in Q2; FY25 target of $850M	$700M annualized savings in Q2; FY25 target of $750M

Progress on our culture

The Kyndryl Way

Operating 'flat, fast and focused' and published second annual Corporate Citizenship report

Winning new business and executing a strategy that is unique to us and driving profitable growth

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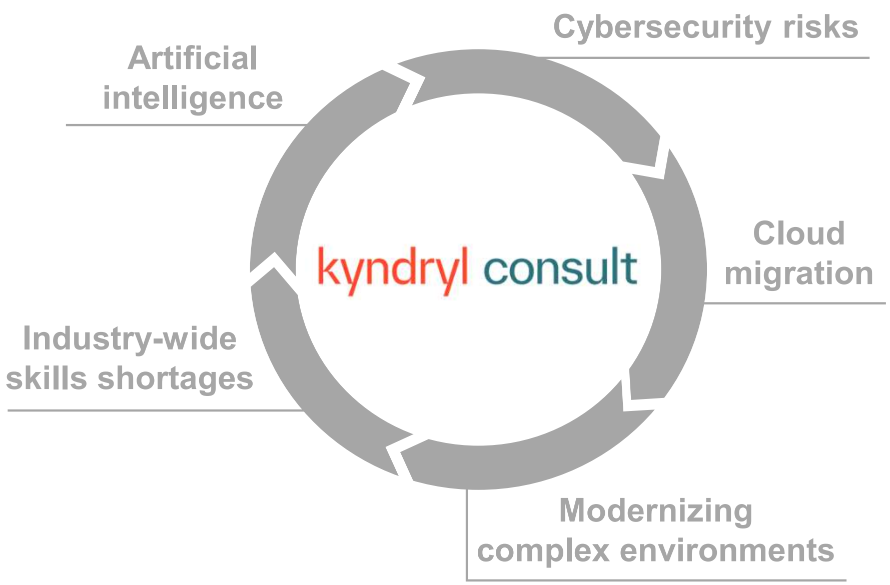
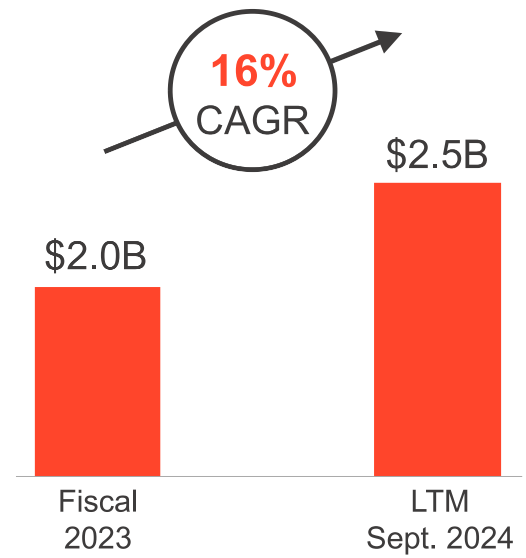
Kyndryl's fiscal year 2025 ends on March 31, 2025; LTM is the latest twelve months ended September 30, 2024

Kyndryl Consult is positioned at the nexus of key secular trends



Kyndryl Consult revenue



40%+ LTM signings growth

Customer demand for our differentiated services and unmatched expertise is driving double-digit growth in Consult

Signings growth in constant currency

Migrating and managing IT environments across multiple cloud platforms

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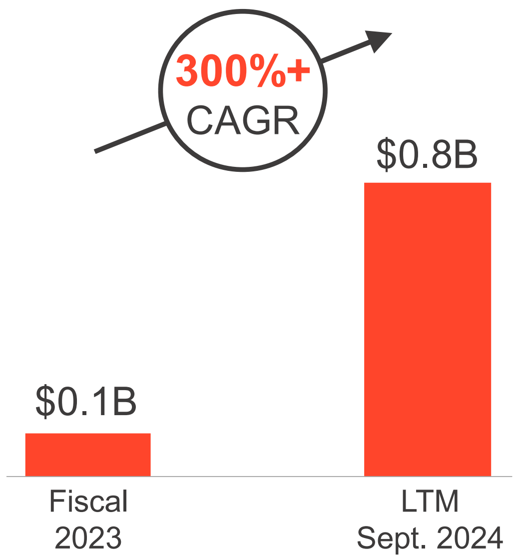
Microsoft Azure

aws

Google Cloud

Hyperscaler-related revenue



100%+ LTM signings growth

Customer demand for end-to-end services is generating triple-digit growth in our hyperscaler-related revenue

Signings growth in constant currency; fiscal 2023 revenue estimated

IT modernization is driving demand for Kyndryl services

Six tech readiness learnings

1. **Leaders don't feel risk ready** and are struggling with diverse disruptions, the pace of change and talent gaps
2. **The tech readiness paradox**: leaders are confident in their tech, yet concerned about its readiness
3. **Tech modernization is a top priority** for leaders, yet most are in the **early stages of the journey**
4. **Complexity and prioritization paralysis** are hindering tech modernization
5. Despite **significant AI investments** to drive modernization, leaders **struggle to see positive ROI**
6. Leaders that **progress on the modernization journey** overcome this prioritization paralysis

Through our expertise and Kyndryl Bridge, we are uniquely positioned to accelerate customers' IT transformations

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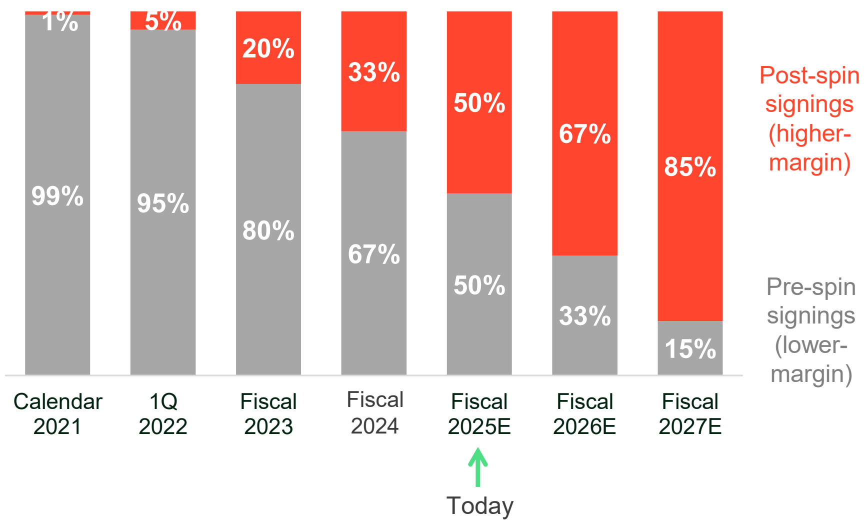
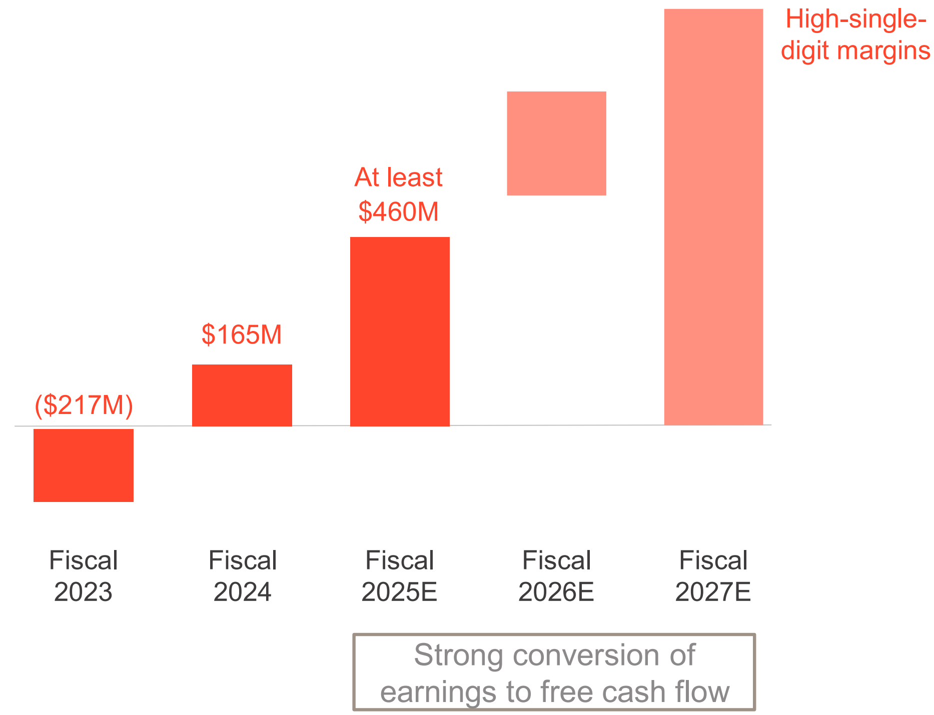
The Kyndryl Readiness Report, published in October 2024, combined operational data from Kyndryl Bridge with survey data from 3,200 senior leaders in 18 geographic markets, with a focus on the banking, insurance, telecom, manufacturing, energy and healthcare industries

Our evolving business mix is driving increased profitability and free cash flow

Mix of post-spin signings in our revenue [1]



Adjusted pretax income / margin [2]



Driving powerful dynamics for near-term and medium-term value creation . . . and sustainable long-term growth

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[1] Mix of post-spin signings in our revenue are approximate
[2] Fiscal 2025E amount includes workforce rebalancing charges; fiscal 2023 and 2024 amounts exclude such charges

Key sources of top-line growth

Secular trends

- Increasing IT spend by most large organizations
- Mainframe modernization
- Leveraging ecosystem scale and innovation
- Cloud migration, management and optimization
- Security and resiliency needs
- Data architecture and AI readiness

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- Organizations' need to address tech debt
- Alliances with top-tier technology providers
- Demand for complex hybrid solutions
- Ongoing growth of Kyndryl Consult
- Kyndryl Bridge enabled by AI
- Winning share with market-leading position and expertise

Kyndryl-specific opportunities aligned to secular trends are propelling our return to revenue growth

Financial highlights

Results reflect **continued progress** and strong execution

Alliances, **A**dvanced Delivery and **A**ccounts driving significant **margin expansion**

Robust balance sheet, strong liquidity and full-year **free cash flow**

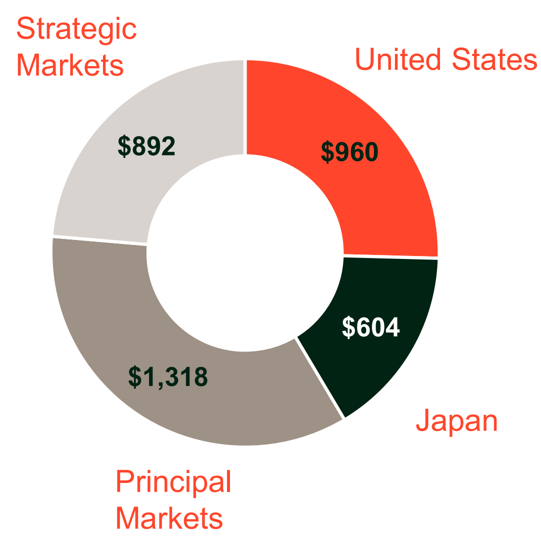
Projecting substantial **earnings growth** for fiscal year 2025

We design, build, manage and modernize the mission-critical systems that the world depends on

Fiscal second quarter 2025 financial highlights

($ in millions)	Quarter ended Sept. 30, 2024	Quarter ended Sept. 30, 2023
Revenue	**$3,774**	**$4,073**
Growth, in constant currency	(7%)	(5%)
Adjusted EBITDA	**$557**	**$574**
Adjusted EBITDA margin	14.8%	14.1%
Adjusted pretax income	**$45**	**$25**
Adjusted pretax margin	1.2%	0.6%

Quarterly revenue by segment
($ in millions)



Our results for the quarter reflect solid operational execution, led by our three-A initiatives and Kyndryl Consult

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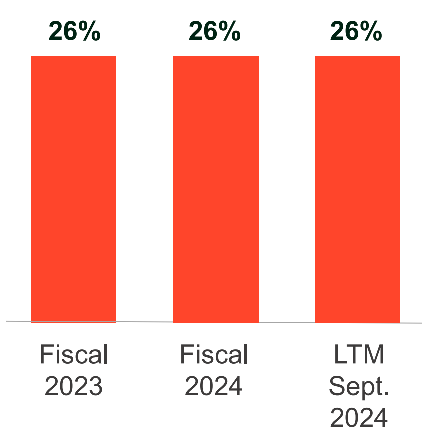
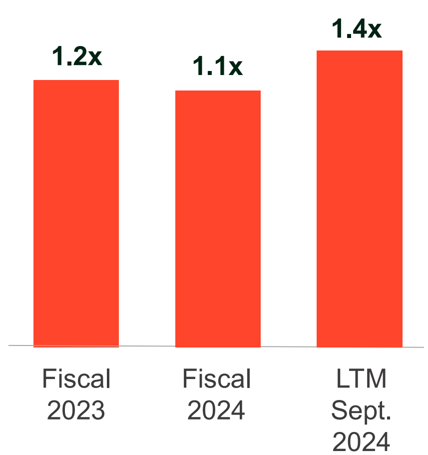
Principal Markets is comprised of Kyndryl's operations in Canada, France, Germany, India, Italy, Spain/Portugal and the United Kingdom/Ireland. Strategic Markets is comprised of Kyndryl's operations in all other geographic locations. Kyndryl's operations in Australia/New Zealand transitioned from Principal Markets to Strategic Markets in the quarter ended June 30, 2024; historical segment information has been updated to reflect this change
Revenue growth (year-over-year) as reported was (7%) in the quarter ended September 30, 2024 and (3%) in the quarter ended September 30, 2023
See appendix for reconciliation of non-GAAP metrics

Strong projected margins on signings support our medium-term goals

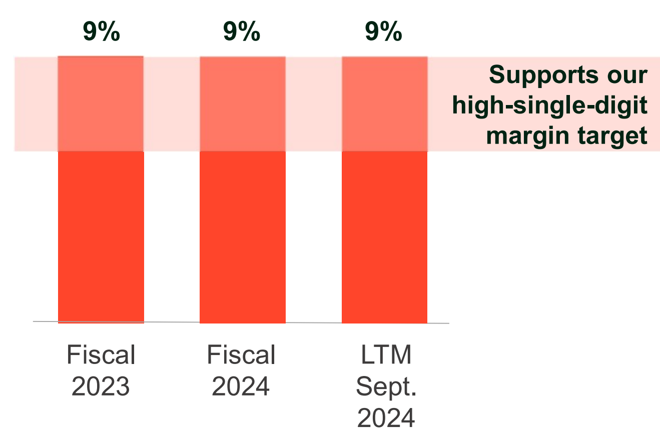
Gross margin
expected on post-spin signings



Gross profit book-to-bill [1]



Pretax margin
expected on post-spin signings



The stronger margin profile of our post-spin signings is driving substantial earnings growth

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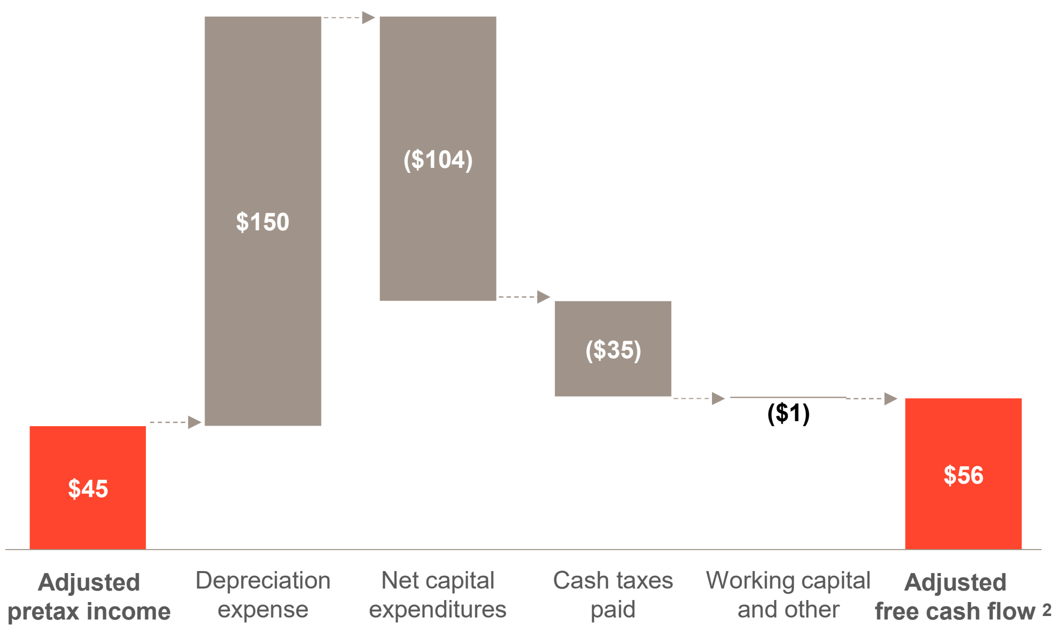
[1] Our gross profit book-to-bill is defined as our projected gross profit on signings during the trailing twelve months divided by our actual gross profit for the same period

Strong balance sheet metrics and cash flow

Adjusted free cash flow

($ in millions, three months ended September 30)



Balance sheet and cash flow metrics

$4.5B
Available liquidity[1]

$1.3B
Cash

$3.2B
Debt

$1.9B
Net debt

$149M
Cash flow from operations
(three months ended September 30)

Expecting ~$300M adjusted free cash flow in fiscal 2025 and maintaining a solid financial footing to execute our strategy

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[1] Consists of $1.3B of cash and $3.2B of undrawn senior unsecured credit facility
[2] Adjusted free cash flow: Cash flow from operations (GAAP) $149M, plus workforce rebalancing payments related to prior period programs $4M, significant litigation payments $6M, less net capital expenditures $104M
See appendix for reconciliation of non-GAAP metrics

Reaffirming our fiscal 2025 outlook

	Fiscal 2025 outlook	Comments
Revenue	(2%) to (4%) growth in constant currency; implies revenue of $15.2 to $15.5 billion based on recent exchange rates	• Constant-currency revenue growth in Q4
Adjusted EBITDA margin	At least 16.3%	• Year-over-year increase of at least 160 basis points
Adjusted pretax income	At least $460 million	• Year-over-year increase of at least $295 million
Adjusted free cash flow	Approximately $300 million	• Cash taxes of ~$150 million • Net capital expenditures of ~$675 million

Focused on driving innovation, expanding margins and returning to revenue growth

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Based on recent exchange rates, currency effects are currently expected to unfavorably impact revenue by $160M, adjusted EBITDA by $85M and adjusted pretax income by $70M year-over-year;
Depreciation expense projected to be ~$675M; amortization expense of transition cost and prepaid software projected to be ~$1.2B; interest expense projected to be ~$120M.
Outlook includes ~$100M of workforce rebalancing costs and ~$50M net depreciation benefit.
The November divestiture of our Securities Industry Services (SIS) platform in Canada will reduce our revenue by ~$40M in the second half of fiscal year 2025.

Investment highlights

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- The world leader in designing, building, managing and modernizing mission-critical information systems
- Independence doubled our addressable market, which will continue to grow due to numerous interrelated tailwinds
- Competitive advantage stems from our people, data and intellectual property, making us a trusted long-term partner to thousands of blue-chip enterprise customers
- Investing for growth and expanding our ecosystem of strategic partners and service capabilities, enhancing customers' access to a wider range of technology solutions
- Uniquely well-positioned to enable our customers to harness key secular trends like cloud migration, hybrid environment optimization and use of data and AI in core processes
- Earnings accelerating due to strong execution and more revenue coming from higher-margin, post-spin signings
- Strong financial characteristics with annuity-like annual revenues, double-digit adjusted EBITDA margins and investment-grade credit ratings
- Focused, growth-oriented culture, committed to high corporate citizenship standards and led by a highly experienced executive team

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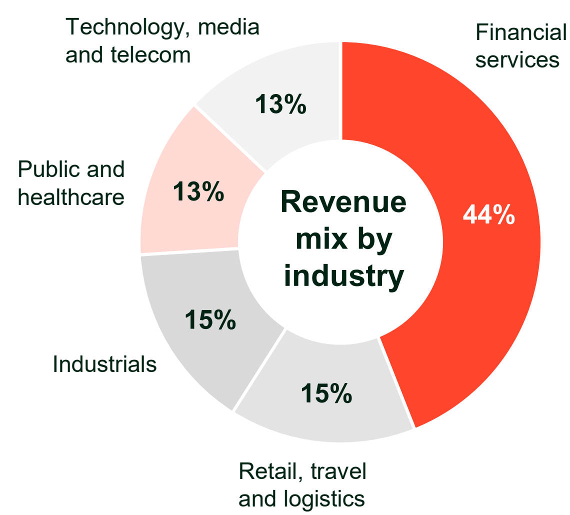
Our services

Practice	Overview	Revenue
Cloud	Delivering seamless, integrated, multicloud management in a hybrid model	34%
Security & Resiliency	Delivering full line of cybersecurity, business continuity and disaster recovery services to help customers continuously adapt to new threats and regulatory standards	14%
Network & Edge	Providing unified network services for cloud and data center connectivity	8%
Applications, Data & AI	Providing full application platform hosting and expert assistance for application modernization	6%
Digital Workplace	Enhancing user experience and work location flexibility by providing a consumer experience to employees	7%
Core Enterprise	Providing secure, unified and fault-tolerant mainframe services for our customers' core infrastructure	31%

Diversified sources of revenue

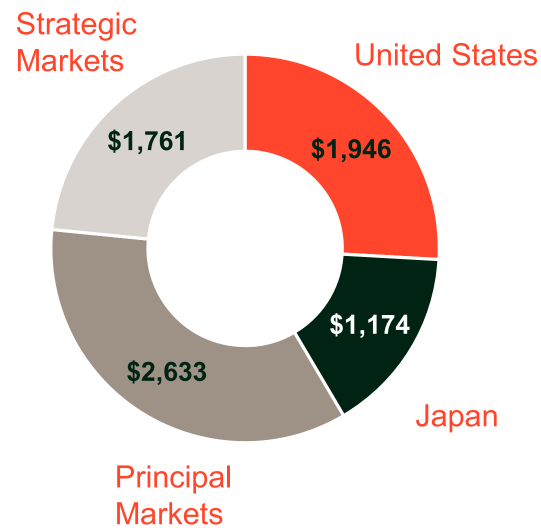


Approximate revenue based on twelve months ended September 30, 2024
Industry revenue mix is approximate

Fiscal first half 2025 financial highlights

($ in millions)	Six months ended Sept. 30, 2024	Six months ended Sept. 30, 2023
Revenue	**$7,513**	**$8,266**
Growth, in constant currency	(8%)	(3%)
Adjusted EBITDA	**$1,113**	**$1,186**
Adjusted EBITDA margin	14.8%	14.4%
Adjusted pretax income	**$138**	**$72**
Adjusted pretax margin	1.8%	0.9%

Fiscal half revenue by segment
($ in millions)



Our results for the first half reflect solid operational execution, led by our three-A initiatives and Kyndryl Consult

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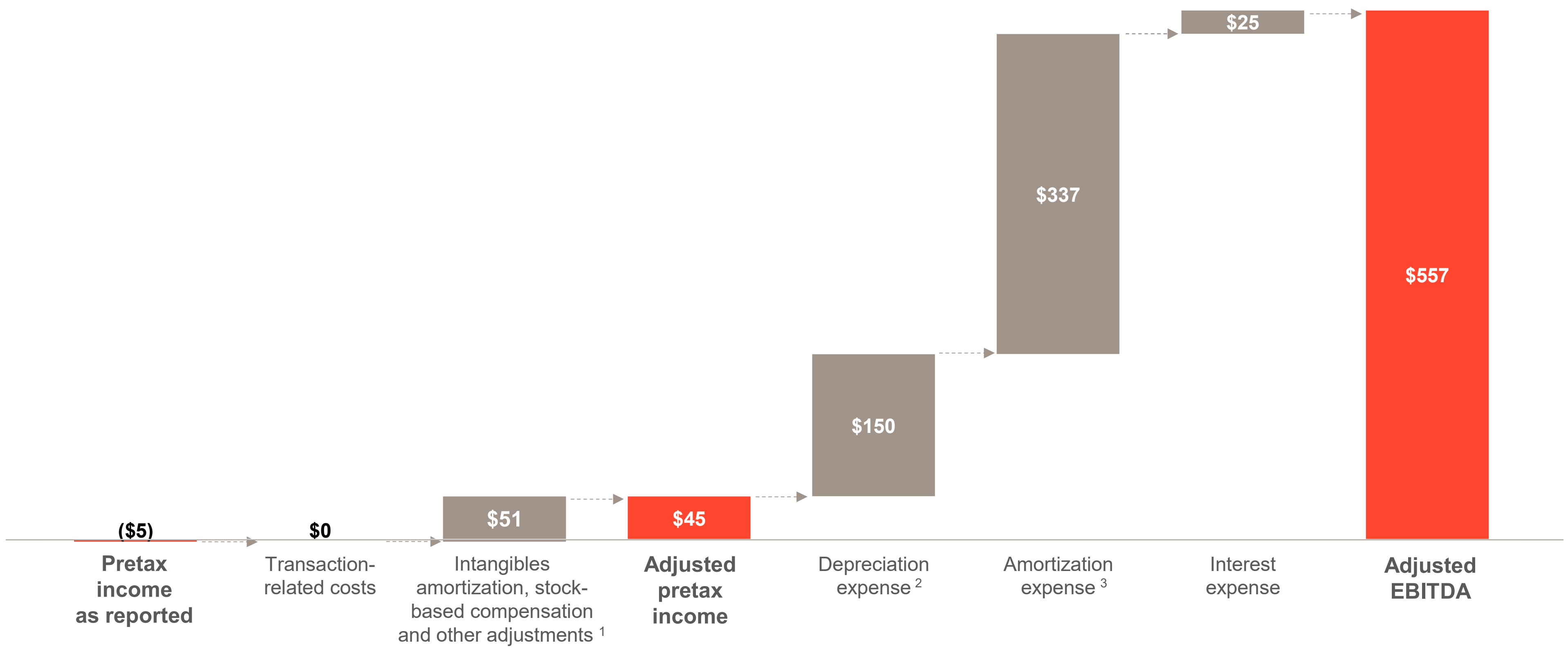
Revenue growth (year-over-year) as reported was (9%) in the six months ended September 30, 2024 and (2%) in the six months ended September 30, 2023
See appendix for reconciliation of non-GAAP metrics

Fiscal second quarter 2025 adjusted pretax income and adjusted EBITDA

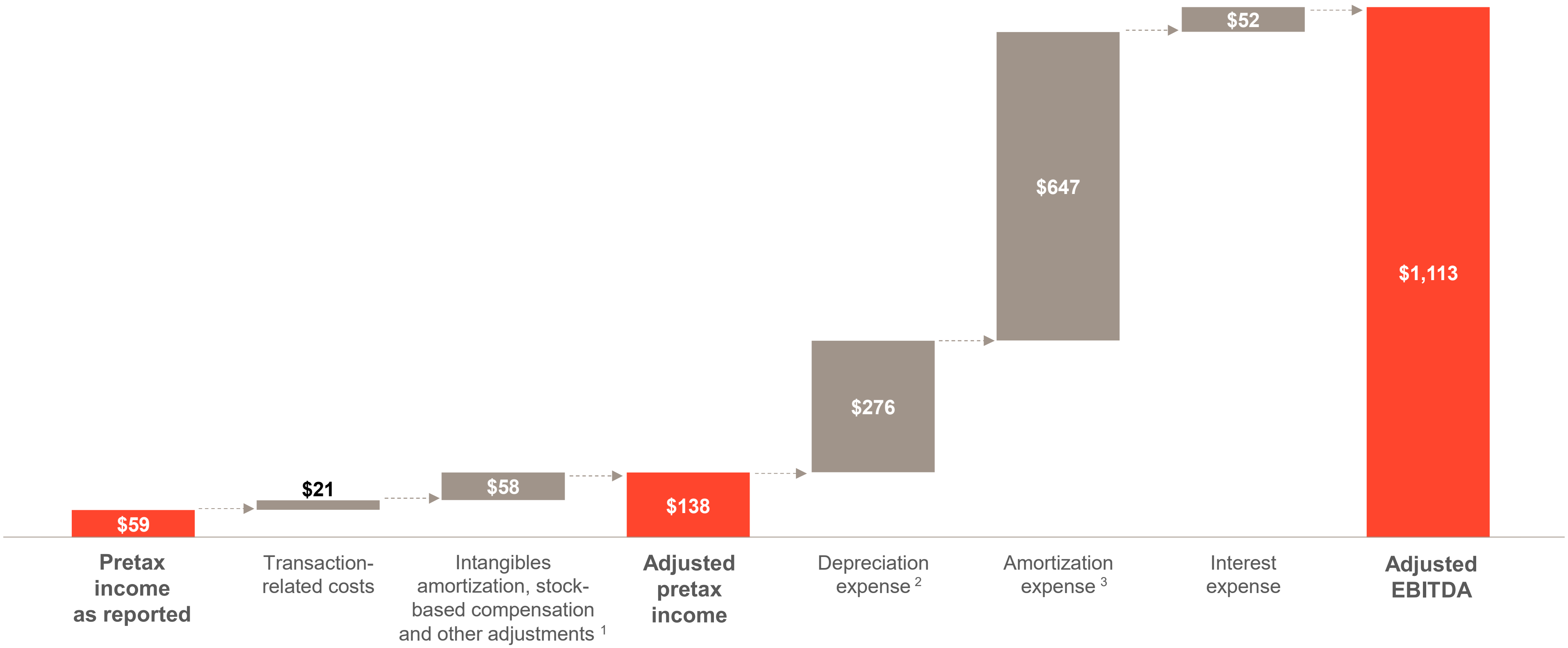
($ in millions)



[1] Effects of pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, charges related to ceasing to use leased/fixed assets and lease terminations, and currency impacts of highly inflationary countries
[2] Includes amortization of capitalized software costs and excludes depreciation of operating right-of-use assets
[3] Amortization of transition & transformation costs and prepaid software

Fiscal first half 2025 adjusted pretax income and adjusted EBITDA

($ in millions)



[1] Effects of pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, charges related to ceasing to use leased/fixed assets and lease terminations, and currency impacts of highly inflationary countries
[2] Includes amortization of capitalized software costs and excludes depreciation of operating right-of-use assets
[3] Amortization of transition & transformation costs and prepaid software

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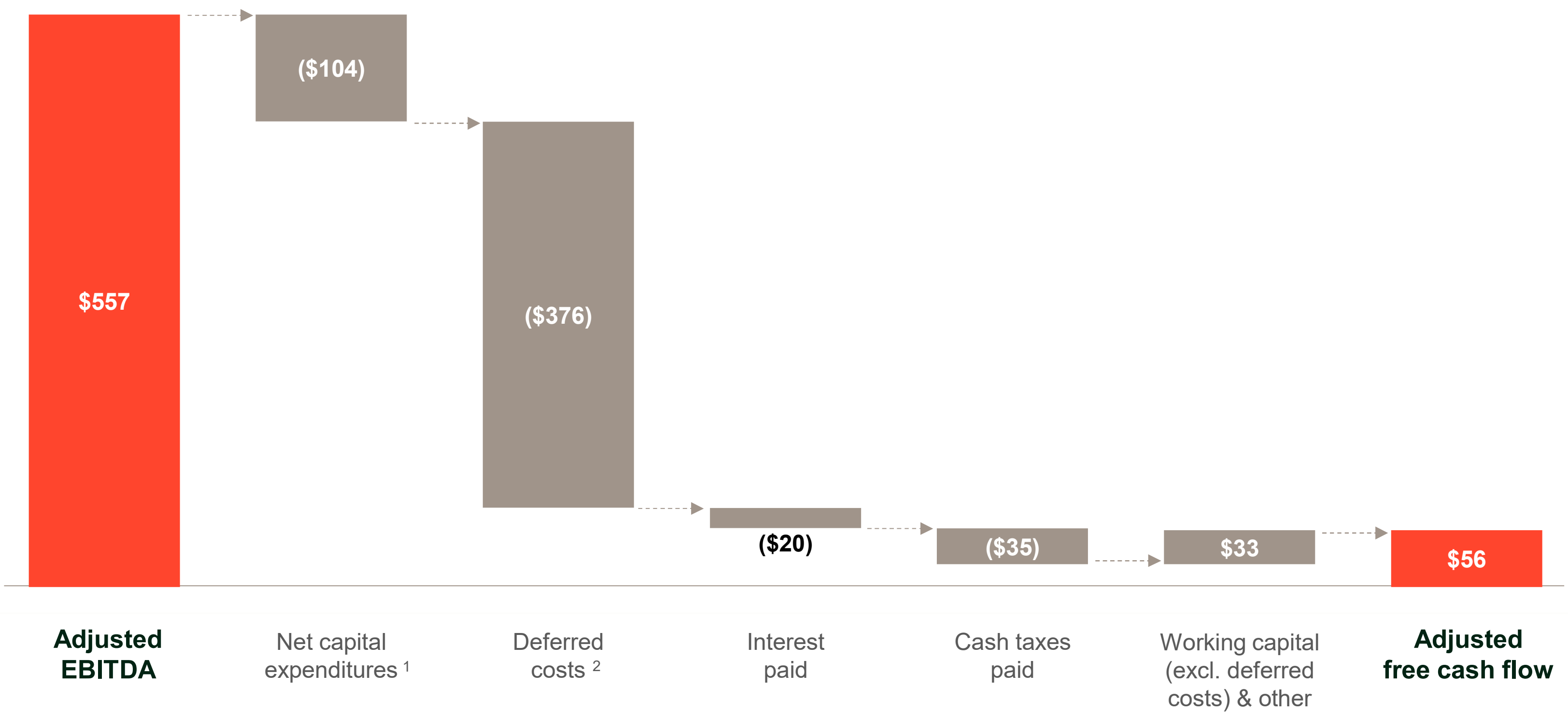
Fiscal second quarter 2025 adjusted EBITDA and adjusted free cash flow

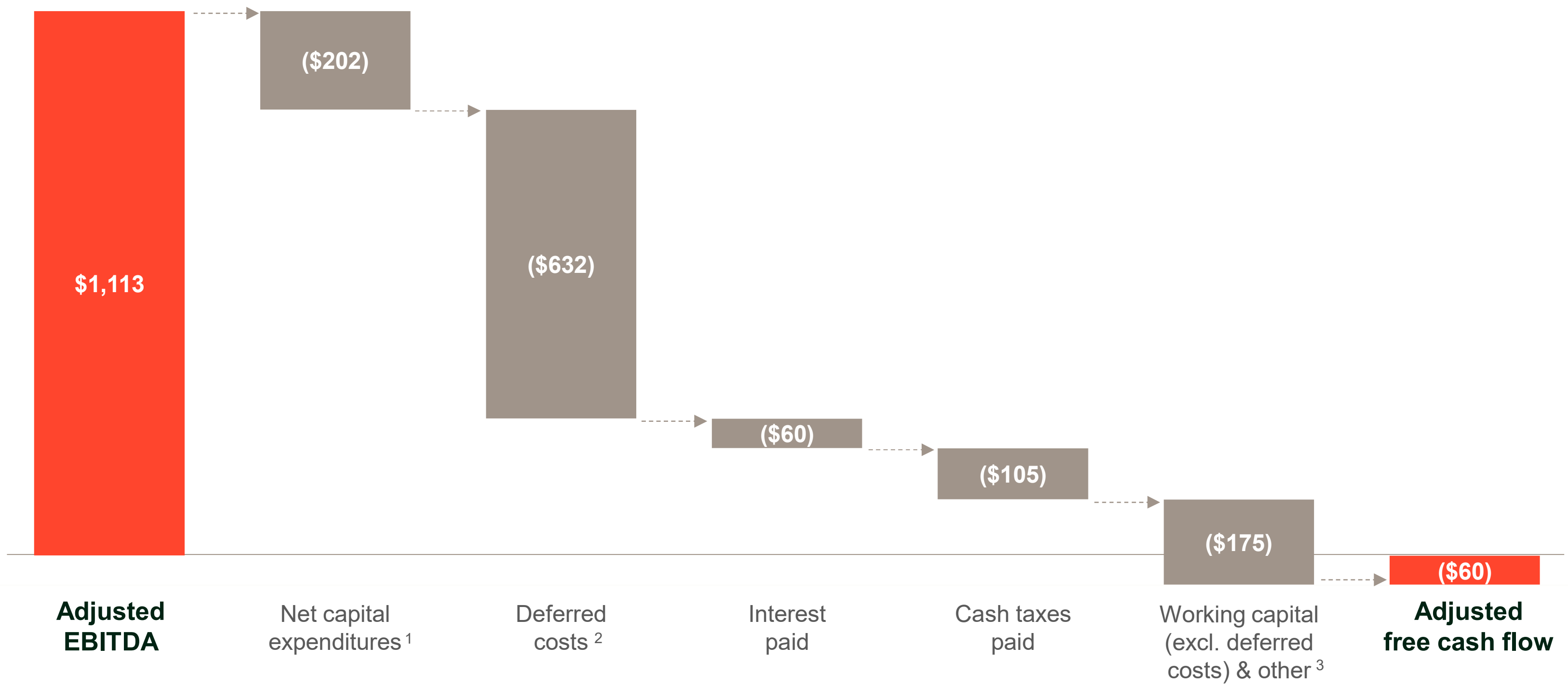
($ in millions)



[1] Net capital expenditures compare to depreciation of $150M
[2] Deferred costs offset amortization of prepaid software and transition costs of $337M

Fiscal first half 2025 adjusted EBITDA and adjusted free cash flow

($ in millions)



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[1] Net capital expenditures compare to depreciation of $276M
[2] Deferred costs offset amortization of prepaid software and transition costs of $647M
[3] Includes annual software license payments and annual compensation payments made in the first half

Definitions and rationale for non-GAAP metrics

We present certain non-GAAP financial measures to provide useful supplemental information to investors. We provide these non-GAAP financial measures as we believe it enhances investors' visibility to management decisions and their impacts on operational performance; enables better comparison to peer companies; and allows us to provide a long-term strategic view of the business going forward.

Adjusted EBITDA and adjusted EBITDA margin
Adjusted EBITDA is defined as net income (loss) excluding net interest expense, income taxes, depreciation and amortization (excluding depreciation of right-of-use assets and amortization of capitalized contract costs), charges related to ceasing to use leased/fixed assets, charges related to lease terminations, transaction-related costs (benefits), pension costs other than pension servicing costs and multi-employer plan costs, stock-based compensation expense, workforce rebalancing charges incurred prior to March 31, 2024, impairment expense, significant litigation costs and benefits, and currency impacts of highly inflationary countries. Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

Adjusted pretax income (loss) and adjusted pretax margin
Adjusted pretax income (loss) is defined as pretax income (loss) excluding transaction-related costs (benefits), charges related to ceasing to use leased/fixed assets, charges related to lease terminations, pension costs other than pension servicing costs and multi-employer plan costs, stock-based compensation expense, amortization of acquisition-related intangible assets, workforce rebalancing charges incurred prior to March 31, 2024, impairment expense, significant litigation costs and benefits, and currency impacts of highly inflationary countries. Adjusted pretax margin is calculated by dividing adjusted pretax income (loss) by revenue.

Adjusted net income (loss), adjusted net margin and adjusted earnings per share (EPS)
Adjusted net income (loss) is defined as adjusted pretax income (loss) less the reported provision for income taxes, minus or plus the tax effect of the non-GAAP adjustments made to calculate adjusted pretax income (loss), and excluding exceptional items impacting the reported provision for income taxes. Adjusted net margin is calculated by dividing adjusted net income, as defined above, by revenue. Adjusted earnings per share (EPS) is defined as adjusted net income divided by diluted weighted average shares outstanding to reflect shares that are dilutive or anti-dilutive based on the amount of adjusted net income.

Constant-currency
Constant-currency information compares results between periods as if exchange rates had remained constant period over period. We define constant-currency revenues as total revenues excluding the impact of foreign exchange rate movements and use it to determine the constant-currency revenue growth on a year-over-year basis. Constant-currency revenues are calculated by translating current period revenues using corresponding prior-period exchange rates.

Net debt and net leverage ratio
Net debt is defined as total debt less cash and cash equivalents. Net leverage ratio is calculated by dividing net debt by the last twelve months' adjusted EBITDA. Management uses net debt and net leverage ratio to evaluate its leverage.

Adjusted free cash flow
Adjusted free cash flow is defined as cash flows from operating activities after adding back transaction-related payments, charges related to lease terminations, payments related to workforce rebalancing charges incurred prior to March 31, 2024, and significant litigation payments, less net capital expenditures. Management uses adjusted free cash flow as a measure to evaluate its operating results, plan strategic investments and assess our ability and need to incur and service debt. We believe adjusted free cash flow is a useful supplemental financial measure to aid investors in assessing our ability to pursue business opportunities and investments and to service our debt.

Signings and gross profit book-to-bill
Signings are defined by Kyndryl as an initial estimate of the value of a customer's commitment under a contract. The calculation involves estimates and judgments to gauge the extent of a customer's commitment, including the type and duration of the agreement as well as the presence of termination charges or wind-down costs. Contract extensions and increases in scope are treated as signings only to the extent of the incremental new value. Signings can vary over time due to a variety of factors including, but not limited to, the timing of signing a small number of larger outsourcing contracts, as well as the length of those contracts. The conversion of signings into revenue may vary based on the types of services and solutions, customer decisions and other factors, which may include, but are not limited to, macroeconomic environment or external events. Our gross profit book-to-bill is defined as our projected gross profit on signings for the trailing twelve months divided by our actual gross profit for the same period. Management uses signings and gross profit book-to-bill as tools to monitor the performance of the business including the business' ability to attract new customers and sell additional scope into our existing customer base.

Reconciliation of non-GAAP metrics

(in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income (loss) and adjusted EBITDA	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023
Net income (loss) (GAAP)	**($43)**	**($142)**
Plus: Provision for income taxes	38	33
Pretax income (loss) (GAAP)[1]	**($5)**	**($109)**
Non-operating adjustments (before tax)		
Workforce rebalancing charges incurred prior to March 31, 2024	–	39
Charges related to ceasing to use leased/ fixed assets and lease terminations	10	–
Transaction-related costs	–	48
Stock-based compensation expense	25	25
Amortization of acquisition-related intangible assets	10	7
Other adjustments[2]	5	15
Adjusted pretax income (non-GAAP)	**$45**	**$25**
Adjusted pretax margin	*1.2%*	*0.6%*
Interest expense	25	31
Depreciation of property, equipment, and capitalized software[3]	150	212
Amortization of transition costs and prepaid software	337	306
Adjusted EBITDA (non-GAAP)	**$557**	**$574**
Net income (loss) margin	*(1.1%)*	*(3.5%)*
Adjusted EBITDA margin	*14.8%*	*14.1%*
Revenue (GAAP)	**$3,774**	**$4,073**

Reconciliation of adjusted pretax income (loss) to adjusted net income and adjusted EPS	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023
Adjusted pretax income (non-GAAP)	**$45**	**$25**
Provision for income taxes (GAAP)	(38)	(33)
Tax effect of non-GAAP adjustments	(4)	(4)
Adjusted net income (loss) (non-GAAP)	**$3**	**($12)**
Diluted weighted average shares outstanding	238.2	229.1
Diluted earnings (loss) per share (GAAP)	(0.19)	(0.62)
Adjusted EPS (non-GAAP)	**0.01**	**($0.05)**

Reconciliation of cash flow from operations to adjusted free cash flow	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023
Cash flow from operations (GAAP)	**$149**	**$46**
Plus: Transaction-related payments	–	42
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	4	34
Plus: Significant litigation payments	6	10
Plus: Payments related to lease terminations	–	7
Less: Net capital expenditures	(104)	(61)
Adjusted free cash flow (non-GAAP)	**$56**	**$69**

Reconciliation of net debt and net leverage ratio	Balance as of Sept. 30, 2024
Short-term debt	$135
Long-term debt	3,106
Total debt	**$3,241**
Cash	**1,325**
Net debt (non-GAAP)	**$1,916**
Latest twelve months adjusted EBITDA (non-GAAP)	**$2,294**
Net leverage ratio (non-GAAP)	**0.84x**

Numbers may not add due to rounding

[1] Includes lower depreciation expenses resulting from the change of useful life of information technology equipment effective April 1, 2024 (a net year-over-year benefit of $50 million for the three months ended September 30, 2024)

[2] Other adjustments represent pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, and currency impacts of highly inflationary countries

[3] Amount for the three months ended September 30, 2023 excludes $9 million of expense that is included in transaction-related costs

Reconciliation of non-GAAP metrics

(in millions, except per-share amounts)

Reconciliation of net income (loss) to adjusted pretax income (loss) and adjusted EBITDA	Six months ended Sept. 30, 2024	Six months ended Sept. 30, 2023
Net income (loss) (GAAP)	**($32)**	**($283)**
Plus: Provision for income taxes	91	65
Pretax income (loss) (GAAP)[1]	**$59**	**($218)**
Non-operating adjustments (before tax)		
Workforce rebalancing charges incurred prior to March 31, 2024	–	97
Charges related to ceasing to use leased/ fixed assets and lease terminations	20	10
Transaction-related costs	21	89
Stock-based compensation expense	49	48
Amortization of acquisition-related intangible assets	17	15
Other adjustments[2]	(27)	31
Adjusted pretax income (non-GAAP)	**$138**	**$72**
Adjusted pretax margin	*1.8%*	*0.9%*
Interest expense	52	61
Depreciation of property, equipment, and capitalized software[3]	276	422
Amortization of transition costs and prepaid software	647	631
Adjusted EBITDA (non-GAAP)	**$1,113**	**$1,186**
Net income (loss) margin	*(0.4%)*	*(3.4%)*
Adjusted EBITDA margin	*14.8%*	*14.4%*
Revenue (GAAP)	**$7,513**	**$8,266**

Reconciliation of adjusted pretax income (loss) to adjusted net income and adjusted EPS	Six months ended Sept. 30, 2024	Six months ended Sept. 30, 2023
Adjusted pretax income (non-GAAP)	**$138**	**$72**
Provision for income taxes (GAAP)	(91)	(65)
Tax effect of non-GAAP adjustments	(12)	(19)
Adjusted net income (loss) (non-GAAP)	**$35**	**($12)**
Diluted weighted average shares outstanding	237.0	228.5
Diluted earnings (loss) per share (GAAP)	(0.14)	(1.24)
Adjusted EPS (non-GAAP)	**$0.15**	**($0.05)**

Reconciliation of cash flow from operations to adjusted free cash flow	Six months ended Sept. 30, 2024	Six months ended Sept. 30, 2023
Cash flow from operations (GAAP)	**$101**	**($127)**
Plus: Transaction-related payments	5	84
Plus: Workforce rebalancing payments related to charges incurred prior to March 31, 2024	25	113
Plus: Significant litigation payments	10	44
Plus: Payments related to lease terminations	–	5
Less: Net capital expenditures	(202)	(155)
Adjusted free cash flow (non-GAAP)	**($60)**	**($37)**

Numbers may not add due to rounding

[1] Includes lower depreciation expenses resulting from the change of useful life of information technology equipment effective April 1, 2024 (a net year-over-year benefit of $110 million for the six months ended September 30, 2024)

[2] Other adjustments represent pension costs other than pension servicing costs and multi-employer plan costs, significant litigation costs and benefits, and currency impacts of highly inflationary countries

[3] Amount for the six months ended September 30, 2023 excludes $9 million of expense that is included in transaction-related costs