

2008 ANNUAL MEETING OF SHAREHOLDERS

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Abstract: EDS held its 2008 Annual Meeting of Shareholders on Tuesday, April 15, 2008 at 1 p.m. Central Time (2 p.m. Eastern) at its headquarters in Plano, Texas.

RON RITTENMEYER (EDS – CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER): It's one o'clock and I will now call the meeting to order. On behalf of the directors of your company, welcome to the EDS Annual Shareholder Meeting for 2008. I'm Ron Rittenmeyer, Chairman, President and Chief Executive Officer of EDS. On the platform with me is Storrow Gordon, EDS Executive Vice President, General Counsel and Secretary.

I'd like to take a moment to introduce the directors of your company, so directors, please stand and remain standing as I call your names. Shareholders, please hold any applause until I have introduced all of the directors.


First, Martin Faga, Former President and CEO of The MITRE Corporation; Malcolm Gillis, Professor of Economics and Former President of Rice University; Ray Groves, Former Chairman and CEO of Ernst & Young; Ellen Hancock, Former Chairman and CEO of Exodus Communications; Jeff Heller, Vice Chairman of EDS; Ray Hunt, Chairman and CEO of the Hunt Oil Company; Edward Kangas, Former Global Chairman and CEO of Deloitte; James Sims, Chairman of GEN3 Partners; David Yost, President and CEO of AmerisourceBergen Corporation; Ernesto Zedillo, Director of Yale Center for the Study of Globalization and Former President of Mexico; Roy Dunbar, who is now President and CEO of Network Solutions, was unable to attend our meeting.

So directors, you may take your seats. Thank you very much. In addition to Jeff Heller and Storrow Gordon, we are also joined by other members of the EDS Executive Committee. They are, and I'll ask you to stand as well:

Charlie Feld, Senior Executive Vice President of Applications; Tina Sivinski, Senior Executive Vice President and Chief Administrative Officer; Michael Coomer, Executive Vice President, Asia Pacific, Global Financial Services & Products; Jeff Kelly, Executive Vice President of the Americas; Mike Koehler, Executive Vice President, Global ITO Services; William Thomas, Executive Vice President, Europe, Middle East & Africa; and Ron Vargo, Executive Vice President and CFO. Thank you.

The Secretary will now confirm proper notice of the meeting and a quorum.

STORROW GORDON (EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY): Good afternoon. Proper notice of the meeting has been given. The Proxy Statement and Annual Report were mailed to each



shareholder of record as of February 19, 2008. Kerri Shenkin of The Bank of New York Mellon is the inspector of elections for this meeting.

The Bank of New York Mellon has examined the proxies received, and it reports more than 88% of the shares of EDS Common Stock outstanding on the record date are represented in person or by proxy. A quorum is present, and the meeting may proceed, Mr. Chairman.

RON RITTENMEYER: Thank you. At this time, I'd like to take a few minutes and give you a business update on your company.

First, if you had the opportunity on the way in or if you take the opportunity on the way out, you will see many of the new print ads as part of our EDS new advertising campaign that we launched a couple of weeks ago and has been printed in The Wall Street Journal as well as some magazines.

Our new ads feature EDS clients and the work we do together. They position EDS as the "world's business ally" – with the tagline, "Behind success there's EDS." We think this campaign captures the essence of what we're about, and the initial response we've received has been excellent.

I'd like to also show you a television ad that is going to run starting, I believe, next week and this is a 60-second ad – there are 30-second versions of this for different industries – to give you an essence of what you're beginning to see on CBS Sports during the Byron Nelson, the Golf Channel, as part of our new advertising campaign to continue to put our company first in people's minds as the world's business ally. Can we run that ad, please? (Video not transcribed.)


Thank you. So that gives you a sense of the kinds of changes we're creating relative to the market. Let me now take you through the 2007 operations of EDS.

From a go-to-market and investment perspective, we did a number of things that made EDS more competitive and drove higher margins. Last year, we closed two key acquisitions to strengthen our applications offering. The purchase of RelQ firmly establishes our application testing practice in a \$13 billion market growing at greater than a 20% compounded annual growth rate. The second acquisition was Saber Holdings, now called Saber Government Solutions. It is a leading provider of government software and offers a number of platforms that cater to demands of state and local governments worldwide. Services include drivers license administration, voter registration, public pension management and more.

We also formed an alliance with SAP and invested in establishing a much more comprehensive SAP consulting and implementation practice. This move will enable us to tap a tremendous amount of demand for these services with existing and new clients. We've also invested in the ability to compete more effectively for quicker-turn, higher-margin application projects – a very lucrative market and a key plank to our overall strategy.

From 2000 forward, EDS has invested heavily back in the business. Many of our investment programs are completed, including our global network, the build-out of our Service Delivery Automation, and certain BPO offerings such as our non-U.S. credit card platform. Others are trending down as well. We're committed to driving the ROI on these investments. The level of the investment continues as we focus now on applications and on industry-focused BPO.

From a sales perspective, we increased our pipeline of potential business to the highest levels each quarter when compared year over year. We've started a sales development program to better equip our front-line sales teams. The program prepares new and old recruits with improved knowledge of our offerings and greater ability to solve client business challenges. And key sales performance indicators have improved. We signed more deals, booked more annualized contract value – all of which proves to an improved core sales engine.



Moving to our cost structure, we continued to strengthen our global labor mix, increasing the number of resources in lower-cost, higher-quality locations by 28% at the end of 2007. We added more than 1 million square feet of space and 7,300 plus seats – mostly in India, but also in China, Hungary and Argentina. The cost of our general and administrative functions dropped by 5%, and productivity efforts again generate significant savings, helping to increase operating margin.

From an industry standpoint, analysts and other third-party influencers have given us high ratings on our capabilities. Forrester named EDS the best global IT infrastructure outsourcing company and recognized us as a leader in European remote infrastructure management. Gartner named EDS a leader in data center services in Western Europe. IDC ranked us as number four worldwide in applications management when we weren't even on the board some years ago. We were rated the best managed outsourcing provider by the Black Book of Outsourcing compiled by the Brown Wilson Group. And we ranked number one on VAR Business Magazine's list of value-added resellers.


Finally, people – who make up the core of what we do. We strengthened applications and leadership training by developing a new account management program. Training is focused on producing seasoned general managers that can more effectively manage client relationships as well as run a business. Also, 4,600 peoples received Lean Six Sigma training to drive quality and continuous productivity improvement throughout the company, and we continue to focus on technical training programs as well.

Looking at our full-year results, revenue was \$22.1 billion, up 4% versus '06, driven by a broad geographical mix that we have as a company. Our adjusted EPS was \$1.56, which is a 58% improvement year over year. Our operating margin improved nearly two percentage points to 5.8%. GAAP earnings were \$1.35, reflecting the 18-cent charge associated with our early retirement offer to U.S.-based employees. Free cash flow was \$892 million, up \$5 million from 2006. Finally, we signed \$19.5 billion in contracts last year. This was down \$7 billion from '06, but up \$500 million if you adjust for the two really super-mega deals with General Motors and the Navy Marine Corps Intranet in 2006. Those big renewals are unique and sometimes create some difficult year-over-year comparisons, but we had a very good year in signings.

Looking back at the last three years, we continue to see improvement in cash flow as well as net debt. Operating cash flow reflects the strength of our business to generate cash before capital expenditure decisions are made. Operating cash flow was \$2 billion in 2007, up materially from 2005 and up 5% from last year. From free cash flow, which incorporates the impact of our capital expenditures, also showed solid improvement from 2005 and a slight improvement from last year. Importantly, 2007 reflects a higher quality of cash flow due to higher margins and less proceeds coming from asset sales than in prior years. From a net debt perspective, which is a measure of our cash position versus our debt position, remained below \$500 million at year-end 2007, slight increase from 2006 due to some capitalized leases and data center requirements. Our debt-to-capital ratio dropped to about 26%.

We maintained a high level of liquidity throughout 2007. We started the year with \$3.7 billion of cash and marketable securities plus bank facilities. We ended the year with \$3.85 billion – an increase of \$150 million. The gain was accomplished while funding dividend payments, net share repurchases and acquisitions.

Our financial strength is in large part measured by our balance sheet, which is very strong. Ninety-five percent of our cash is unrestricted and our long-term debt is stable with no material maturities to fund until 2009. Our shareholder equity grew to \$9.7 billion, up from \$7.9 billion in '07, benefiting from foreign exchange rates. This strong balance sheet gives EDS increased flexibility, particularly in these times of economic uncertainty.



A review of other key financial indicators shows significant improvement over the last three years. Adjusted earnings improved almost threefold from 54 cents in 2005 to a \$1.56 last year. Our adjusted operating margin doubled, return on net assets saw a steady improvement to 8%, and free cash flow increased 44%.

This chart shows the value of business signed for each of the last five years. The spike we had in 2005 and 2006 were a result of a large wins with the ones I mentioned earlier, Navy and GM, plus the Ministry of Defence. Normalizing for the large wins, we've seen a steady improvement in our core sales engine, with a five-year compounded annual growth rate of 12%. From 2005, the growth rate is 10%, reflecting a sustained level of performance.

We also had some marquee wins with Arcandor, the largest retail company in Germany, and Bristol-Myers Squibb. So overall, a very, very solid year for us.

We also think a lot about quality in this business. As I said in last year's business update, we've made operational excellence one of our most important areas of focus. It's something we consider as a very strong industry differentiator. Last year, we made significant progress in our quality initiatives, primarily through improvements in our network, software and processes. Severity 1 outages decreased by 74% while Severity 2 outages decreased by 56%. Our enterprise deployment of Lean Six Sigma also drove quality and client service, enabling us to realize more than \$75 million in overall savings. These investments gave EDS a competitive advantage and are contributing to a higher client rating for customer excellence, service excellence and innovation.

I'd like conclude my remarks by framing our strategy going forward. Our strategy is grounded on operations and doing what we do best, with specific strategic goals defined for each service line and a focus on fundamentals of the business. Our strategy is execution-oriented and will continual to improve the value we deliver to clients by getting things done right and getting them done on time. Our go-to-market improvements – our enhanced offerings – will help us win more business and drive higher margins.


Part of execution is having the right team to get the job done and keeping a focus on performance management. We've retained 94% of our top-rated employees and we continue to strengthen our executive team. We will continue to pursue select acquisitions to build capabilities in support of this strategy, but it does not take – it will not take the place of our overall strategy. Our strategy is to use M&A as a support mechanism, not as the simple strategy.

My team and I are committed to the success of our clients and generating shareholder value. So with that, I'd like to move on to the meeting's next business item.

The first items of business is – well, we have five items of business. Let me summarize them first: Election of directors; ratification of the appointment of KPGM as our independent auditor for 2008; re-approval of our 2003 Incentive Plan; amendment of the Certification of Incorporation to allow 25% of the shareholders to call a special meeting, and finally, consideration of a shareholder proposal.

To have a productive meeting, we will follow the agenda and guidelines given to you today. We will propose and discuss the business items in the sequence listed. You will have an opportunity, if you wish, to comment on each proposal. However, if your comments don't relate to a specific proposal, please defer them to the general question-and-answer session later in the meeting.

To gain recognition, go to the nearest microphone and when recognized, please state your name. It is now approximately 1:16, thereabouts, p.m., and the polls are now open. Shareholders, if you have proxies, please hand them to an usher. For shareholders of record who wish to change a previously submitted proxy – or have not submitted a proxy – ballots are available from the usher. Please raise your hand, and an usher will bring you a ballot.



If you have already submitted a valid proxy and do not wish to revoke it, you do not have to vote by ballot at this point.

Item 1, Election of Directors. The first item of business is the election of all 12 directors. Each director is being nominated for a one-year term. The nominees are: myself, Roy Dunbar, Martin Faga, Malcolm Gillis, Ray Groves, Ellen Hancock, Jeff Heller, Ray Hunt, Edward Kangas, James Sims, David Yost, and Ernesto Zedillo. Under the bylaws, all nomination for directors must have been submitted 90 days before this meeting. Therefore, no nominations are permitted at this time. Is there any discussion about the nominees? [No response.]

Item 2, Ratification of Auditors. The second item on the agenda is the ratification of the Board of Directors' selection of KPMG LLP as our independent auditor for 2008. This selection was made on the recommendation of your audit committee. Is there any discussion about this item? [No response.]

Item 3, Re-approval of the 2003 Incentive Plan. The third item on the agenda is the re-approval of EDS' Incentive Plan, last approved by shareholders in 2003. As described in our proxy statement, we are seeking shareholder approval solely for the purpose of allowing certain awards under the plan to continue to qualify as performance-based and be deductible for U.S. tax purposes. We are not increasing the number of shares available under the plan or otherwise amending the plan. Is there any discussion on this item? [No response.] Your board recommends a vote for this proposal.

Item 4, Amendment of the Certification of Incorporation. The fourth item on the agenda is the proposal by your board to amend our Certificate of Incorporation to allow holders of not less than 25% of our common stock to call a special meeting. This amendment is responsive to the approval by our shareholders at our 2007 Annual Meeting of a proposal requesting that this action be taken. Is there any discussion on this item? [No response.] Your board recommends a vote for this proposal.


Item 5, Shareholder Proposal. There is one shareholder proposal in our proxy statement this year. This proposal requests that the board adopt a policy to give shareholders the opportunity at each annual meeting to vote on an advisory resolution to ratify the compensation of the named executive officers in the proxy statement and certain accompanying narrative compensation disclosure. The proposal has been submitted by John Chevedden as proxy for William Steiner. We've been advised that Frank Rauscher will present this proposal on behalf of the proponent. Mr. Rauscher, are you present?

FRANK RAUSCHER: I am present.

RON RITTENMEYER: Okay. You may have the opportunity to present your proposal and supporting statement.

FRANK RAUSCHER: Good afternoon, Mr. Chairman, directors and fellow shareowners. My name is Frank Rauscher of Dallas, Texas, here on the proxy of the primary sponsor of the resolution on advisory vote on pay, Item #5 in the proxy statement, William Steiner. I am pleased to move the shareholder proposal asking our company to give shareholders a say on pay in the form of an advisory vote to ratify the Board Compensation Report. As everyone in this room is well aware, the controversy around executive pay has reached a new level of intensity in the last years. Press coverage on the issue has increased significantly. Just witness the weeks of stories about Merrill Lynch and Citibank pay for their exiting CEOs and the hearings in Washington on pay of CEOs related to the sub prime lending fiasco.

Executive pay is an issue of high concern for the American public according to pollsters and the bill to have an advisory vote was sent to the Senate after passing the House of Representatives by a bipartisan two-to-one vote – a



sign of the broad-based public sentiment about executive pay. Board compensation committees are carefully scrutinizing their compensation policies and practices and, of course, proxy statements including our own feature increased disclosure on executive compensation due to the new SEC rules put into effect last year.

This resolution has been presented to close to 100 companies in 2008, sponsored by 75 different investors from state and city pension funds like CalPERS in California, all the way to the State of Connecticut, from religious investors and foundations to trade union funds and TIAA-CREF, the largest pension fund in the world. Mr. Steiner is in good company. I am pleased to play an active role at encouraging companies to adopt this reform. Executive pay has spiraled out of control and it needs the voice of shareowners to bring board and compensation consultants back to earth.

We believe the resolution we are voting on today is a fair and reasonable reform to address the controversy surrounding executive pay. It would institutionalize a formal annual method of communication for investors to give boards feedback on compensation reports.

The shareholder vote we are proposing would not micro-manage or override our board's compensation decisions. It would not second-guess our compensation committee but would simply allow shareholders to weigh in on whether they believe the executive compensation package presented is reasonable and adequately linked to performance. We believe the current system of paying CEOs and top management in the U.S. is in serious need of reform.

In December 2005, a Watson Wyatt survey found that 90% of institutional investors think the current executive compensation system has overpaid executives and, paradoxically, given a role in getting executive pay. A recent survey by Heidrick & Struggles stated that approximately 33% of corporate directors think the current executive compensation system is too high.

Companies are also starting to get the message. Aflac's 2008 proposal to provide shareholders a say on pay should prompt more companies to adopt say-on-pay votes. Already other companies including Verizon, Blockbuster and Parr Pharmaceuticals are planning to adopt this reform in their 2009 proxy.

Allowing an advisory vote on pay would encourage our company to interact with its shareholders and to receive their feedback. We urge you not to be afraid to listen to your shareholders. You can show your commitment to a shareholder accountability by implementing this advisory vote reform. We urge shareholders to vote for this proposal. Thank you, Mr. Chairman.

RON RITTENMEYER: Thank you for your comments. I refer everyone to page 17 of the proxy statement for a list of the reasons your board unanimously recommends a vote against this proposal.

We have now covered the business portion of the meeting. Again, those of you who have already returned proxies need not vote by ballot unless you wish to change your vote. If you wish to change your vote, simply mark the appropriate section of the ballot. If you have not yet turned in a proxy or are voting by ballot, please raise your hand. An usher will pick up your proxy or ballot.

I will now open the floor for a general discussion period to answer as many questions about our business as time allows. If you wish to ask a question, please go to the microphone in the aisle nearest you. Please state your name before asking your question. The person at the microphone will give you a card asking for your name and address. Please complete the card so I can respond more fully to your question in writing after the meeting if I'm not able to do so today. Please bear in mind the rules of conduct for this meeting and keep your comments under the two-minute limit. Yes, sir, number one, yes, sir.

MARSHALL EDELMAN (SHAREHOLDER): Mr. Rittenmeyer, I'm Marshall Edelman. I'm a retiree of EDS, a member of its retirement group called the Gray Eagles. I sit on the EDS Retiree Board and I have been attending shareholder meetings every year since my retirement in 1999, sir. The question – rather than a question; it's a statement – every year I ask the current CEO the same question of why the EDS retirement fund is not funded at 100%. I point out that on page AR-20 of the annual report, it states – and it says the same sentence every year since 1999 – our required minimum amount of that year's contributions will be approximately the same as the actual contributions made in the prior year. Last year, Motley Fool stated that EDS was \$4 billion under-funded in the pension fund. When I asked Mr. Jordan that question, he says, "That was due to different reporting requirements for England and Germany," which is a good answer. My question is why doesn't the annual report ever state what the percentage of the retirement fund is? Because I know for a fact that the EDS retirement fund for the United States is not funded at 100%, even though I know it's within the guidelines up by the Pension and Benefit Guarantee Corporation. So it's more a statement, sir. It would be helpful if the annual report would be a little more forthcoming on what the percentage is. Thank you, sir.

RON RITTENMEYER: I would say a couple answers to that. First of all, what Mr. Jordan said last year had the added value of being true, so it was correct. The U.S. pension actually, at the end of last year, was pretty close to 100% funded, so I don't know where your facts are based on, but based on my numbers that I see, at the end of, at the close of business last year when I look at the U.S., we were pretty well fully funded.

Now, the next question, I assume, would be, well, yeah, but this quarter we've had market problems, so we're still greater than 95% funded at this point. So, we do this within reasonable guidelines. We are very sensitive to this. There are countries where we are not at 100%, and some of those countries we can't even fund if we wanted to just because of the way the laws are created. So we feel that or we believe, factually, that we have done a very good job in funding pensions. We believe our pension benefits are very stable and we have had an outstanding record of returns.

And so, from my standpoint, I understand your question. I think the disclosure, though, that's in the annual report, I cannot answer that we will get more definitive than that. There are many legal reasons why you disclose it in the way we do, and at this stage the disclosure will probably stay consistent with what's required. Having said that, again, the pension at this time, all things being equal, is something that we are sensitive to and I think we've done a pretty good job of funding. So I don't know if I've answered the question the way you wanted to hear it but that is the truth and it is something we pay attention to.


MARSHALL EDELMAN: Well, I appreciate your answer, sir. Thank you.

RON RITTENMEYER: Thank you. Anyone else? [No response.]

Okay. Well, thank you for your question and at this point it appears that all ballots, I believe have been submitted. The Inspector of the Elections, I believe, is ready. Is the inspector ready? So I'd like to turn the microphone over to Kerri Shenkin of The Bank of New York Mellon to announce the preliminary results. Please stand. Thank you.

KERRI SHENKIN (INSPECTOR OF ELECTIONS, BANK OF NEW YORK): For Proposal 1, Election of Directors, not less than 426,957,121 shares or approximately 95.58% of the votes cast were voted for the election of each of the nominated directors. Not greater than 19,729,791 shares or approximately 4.42% of the votes cast were voted against the election of each of the nominated directors.

For Proposal 2, the Ratification of the Appointment of KPMG LLP as independent auditors for 2008, 441,965,459 shares or approximately 98.16% of the votes cast were voted for this proposal, and 8,268,488 shares or approximately 1.84% of the votes cast were voted against or abstained on this proposal.



For Proposal 3, Board of Directors' Proposal to Reapprove the 2003 Amended and Restated Incentive Plan, 421,060,866 shares or approximately 93.52% of the votes cast were voted for this proposal, and 29,173,081 shares or approximately 6.48% of the votes cast were voted against or abstained on this proposal.

For Proposal 4, Board of Directors' Proposal to Amend our Certificate of Incorporation to allow 25% of shareholders to call a special shareholder meeting, 385,358,555 shares or approximately 75.66% of the outstanding shares were voted for this proposal, and 64,875,392 shares or approximately 12.74% of the outstanding shares were voted against or abstained on this proposal.

For Proposal 5, Shareholder Proposal regarding an Advisory Vote on Executive Compensation, 171,230,286 shares or approximately 41.38% of the votes cast were voted for this proposal, and 242,562,188 shares or approximately 58.62% of the votes cast were voted against or abstained on this proposal.

RON RITTENMEYER: Thank you. Based on the results, all 12 nominees have been elected to continue as directors of your company. The Board's appointment of KPMG LLP as independent auditors for 2008 has been officially ratified. Proposal 3, the board proposal regarding re-approval of the 2003 Incentive Plan, has been approved. Proposal 4, the board proposal to amend our Certificate of Incorporation to allow shareholders to call a special shareholder meeting, has been approved. Proposal 5, the shareholder proposal regarding shareholder say on executive pay has not been approved.

There is no further business, so the meeting is now over. The final vote totals will be posted on our Web site shortly after this meeting and published in our next quarterly report. We sincerely thank all of you for attending and looking forward to seeing you again next year. The meeting is now adjourned. Thank you.

[END]