

**Electronic Data Systems**

**Corporate Governance Guidelines**

**As approved by the Board of Directors  
on February 5, 2003**

**with Amendments Approved by the Board**

**through**

**February 6, 2007**

## TABLE OF CONTENTS

Overview.....	1
Board Responsibilities .....	1
Expectations of Individual Directors .....	2
Board Selection and Composition .....	2
Number of Directors .....	2
Number of Independent Directors .....	3
Definition of Independent Director.....	3
Determination of Independence.....	3
Nomination and Selection of Directors.....	3
Extending the Invitation to a Potential Director .....	4
Board Leadership.....	4
Director Retirement .....	6
Change of Position by Director.....	6
Implementation of Majority Voting for Directors .....	6
Service on Other Boards .....	8
Director Orientation Program and Continuing Education .....	9
Board Operations .....	9
Number of Regular Meetings.....	9
Agendas.....	9
Non-Management Executive Sessions.....	9
Meeting Materials .....	10
Board Access to Management .....	10
CEO Evaluation .....	11
Management Development and Succession Planning .....	11
Board Evaluation .....	11
Board Advisors .....	11
Board Committees .....	12
Committee Composition .....	12
Committee Meetings, Agendas and Written Materials.....	12
Management Attendance at Committee Meetings.....	13
Committee Evaluations.....	13
Other Matters .....	13
Directors' Compensation and Stock Ownership.....	13
No Director Consulting Contracts .....	13
Charitable Contributions.....	14
Communications .....	14
Related Party Transaction Policy and Procedures .....	14
Code of Business Conduct.....	17
Evaluation of Corporate Governance Guidelines .....	17
Customer Conflicts .....	17
Shareholder Rights Plan.....	18
Director Attendance at Annual Shareholder Meetings .....	18

## **Overview**

These Corporate Governance Guidelines have been adopted by the Board of Directors of Electronic Data Systems Corporation to assist it in the performance of its duties and the exercise of its responsibilities and in accordance with the listing requirements of the New York Stock Exchange. The Corporate Governance Guidelines reflect the Board's current thinking with respect to corporate governance issues and will be periodically reviewed and subject to change from time to time by the Board.

In general, the Corporate Governance Guidelines are just that -- guidelines. Except where the Corporate Governance Guidelines reflect requirements of the New York Stock Exchange for listed companies, they are neither intended to be, nor are they, rigid rules that govern the Board's activities. The Corporate Governance Guidelines do not, and are not intended to modify or to constitute an interpretation of the Delaware General Corporation Law, the Corporation's Certificate of Incorporation or By-Laws or any Federal, state or local law or regulation.

## **Board Responsibilities**

The Board is elected by and accountable to the Stockholders and is responsible for the strategic direction, oversight and control of the Corporation. In carrying out its responsibilities, the Board will exercise sound, informed, and independent business judgment. The Board recognizes that to do so requires individual preparation by each Director and group deliberation by the Board. The Board's responsibilities include both decision-making and oversight.

Among other things, the Board's decision-making responsibilities include:

- review and approval of the Corporation's mission, strategies, objectives and policies, as developed by Management
- the selection of nominees for Board membership
- the selection and evaluation of the Corporation's Chief Executive Officer
- the terms of the CEO's employment, including his or her compensation package
- the approval of material investments or divestitures, strategic transactions, and other significant transactions that are not in the ordinary course of the Corporation's business
- the evaluation of the performance of the Board and Committees of the Board

Among other things, the Board's oversight responsibilities include monitoring:

- the Corporation's compliance with legal requirements and ethical standards
- the performance of the Corporation
- the development of leaders and sound succession plans
- the performance and effectiveness of the CEO and Management
- the Corporation's financial reporting and disclosure processes and internal controls

### **Expectations of Individual Directors**

Among other things, the Board expects each Director to

- understand EDS' businesses and the marketplaces in which they operate
- regularly attend meetings of the Board and of the Committees on which s/he serves
- review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time
- actively, objectively and constructively participate in meetings and the strategic decision-making processes
- share his or her perspective, background, experience, knowledge and insights as they relate to the matters before the Board and its Committees
- be reasonably available when requested to advise the CEO and Management on specific issues not requiring the attention of the full Board but where an individual Director's insights might be helpful to the CEO or Management.

### **Board Selection and Composition**

#### **Number of Directors**

The Board should have a sufficient number of Directors to reflect a substantial diversity of perspectives, backgrounds and experiences, but not so many Directors that the size of the Board hinders effective discussion or diminishes individual accountability. Given the current size and complexity of the Corporation's businesses, the Board believes that its normal size range would be in the range from 8 to 12 Directors. A larger number of Directors may be appropriate on an interim basis or temporarily to provide continuity when retirements are pending. From time to

time, the Board will evaluate its size in light of changes in the size and complexity of the Corporation's businesses and may change the specific number of Directors constituting the Board by resolution.

### **Number of Independent Directors**

Independent Directors will constitute a substantial majority of the Board. No more than two members of Management may serve on the Board at the same time.

### **Definition of Independent Director**

An Independent Director is one who is free from any relationship that would interfere with his or her exercise of independent business judgment (an "Independent Director"). A Director is not independent if he or she fails to satisfy the standards for independence of the New York Stock Exchange or applicable law

Directors who serve on the Corporation's Audit Committee shall in addition meet the standards of independence required by the New York Stock Exchange and by applicable law. Among other things, such Directors shall receive no compensation from the Corporation other than director's fees and shall not be affiliates of the Corporation or its subsidiaries.

### **Determination of Independence**

The full Board will make affirmative determinations of the independence of each director. Such determinations shall be made using the standards and processes approved and adopted from time to time by the full Board. Such determinations, as well as the standards and processes applied in making them, will be disclosed to stockholders in accordance with the requirements of the New York Stock Exchange.

### **Nomination and Selection of Directors**

The Board as a whole will be responsible for nominating individuals for election to the Board by the Stockholders and for filling vacancies on the Board that may occur between annual meetings of the Stockholders. The Corporate Governance Committee will be responsible for identifying, screening, and recommending candidates to the entire Board.

Nominees for Director will be selected on the basis of their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to Board duties, and likelihood that s/he will be able to serve on the Board for a sustained period. In connection with the selection of nominees for Director, due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds and experiences. The Corporate Governance Committee will consider any suggestions offered by other Directors with respect to potential Directors, as well as those made by shareholders in accordance with processes determined by the Governance Committee and posted on the Company's website.

#### **Extending the Invitation to a Potential Director**

The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and the CEO, together with the Chairperson or other member of the Governance Committee when reasonably possible.

#### **Board Leadership**

The Board does not have a policy, one way or the other, on whether or not the positions of Chairman and CEO should be separate or combined and, if they are to be separate, whether the Chairman should be selected from the independent Directors or be an employee. The Board believes it should be make this choice based on what it considers to be best for the Corporation at a given point in time, taking into account the benefits of separating the two positions (e.g., enhancing Board oversight of management and reducing the likelihood of abuse of power) as well as those of combining them (e.g., ensuring unified leadership and direction for the Corporation).

The positions of Chairman and CEO of the Corporation are currently held by the same person based on the Board's view of the need for unified leadership and a single source of direction and strategy at this time. The Board expects its independent Directors to continue to maintain appropriate checks and balances over the CEO whether or not the positions are combined.

The Governance Committee and the Board will evaluate whether to combine or separate the positions of Chairman and CEO in connection with any appointment of a new CEO and otherwise from time to time. The decision as to whether to combine or separate the two positions will be based on the governance model that best serves the interests of the shareholders and the Corporation at that time. Factors to be considered in determining whether to separate the two positions will be based on the facts and circumstances existing at that particular time, including the need for a single source of direction and strategy, the availability of candidates among the independent Directors with the experience and characteristics to effectively serve as Chairman, the ability of senior executives to work effectively with multiple sources of authority, the relative benefits and detriments of such a separation for relations with the Corporation's clients, the Board's view of its ability to maintain appropriate checks and balances and the Board's view of the CEO's willingness to seek and accept direction and oversight by the Board.

The Board does not believe it is necessary or appropriate at this time to appoint a "lead director," but may do so if it deems such a position to be in the best interests of the Corporation. Unless the position of Chairman is then held by an independent Director, all sessions at which the Chairman is not present and all executive sessions of non-employee Directors will be led by a presiding director (the "Presiding Director"). At the request of any independent Director, the Presiding Director shall serve as the liaison between the Chairman and the independent Directors. When requested by any independent Director or when the Presiding Director deems it appropriate, the Presiding Director shall call meetings of the independent directors. The Board believes that shareholders and other interested individuals should be able to communicate directly with the Presiding Director, and the Corporation will include on its Web site the method for submitting any such communication. The position of Presiding Director will be rotated annually (at the time of the annual meeting of shareholders) among the Chairpersons of the Board's three standing Committees. If the position of Chairman is held by an independent Director, all duties and responsibilities assigned to the Presiding Director in these guidelines shall be performed by that independent Chairman.

### **Director Retirement**

Directors of the Corporation (including directors who are employees of the Company) should not be nominated, elected, or stand for re-election, after reaching the age of 75. Directors who reach the age of 75 during their term of office as a director should continue to serve for the full term for which they are elected.

Unless the Board affirmatively determines otherwise, any member of Management (including the CEO) who is a Director will retire from the Board at the same time he or she retires from active management with the Corporation, and will resign from the Board at the same time he or she ceases employment with the Corporation for any reason.

The Board does not believe that it should set term limits.

### **Change of Position by Director**

In the event of a significant change in circumstances involving a non-employee director's employment status, position and or business or professional association, the non-employee director shall notify the Governance Committee. The Governance Committee will evaluate the change in circumstances and will recommend to the Board whether the non-employee director should continue serving as a member of the Board. The non-employee director should be prepared to offer his or her resignation if it is determined by the Board that he or she should not continue serving as a member of the Board.

### **Implementation of Majority Voting for Directors**

In accordance with the Corporation's Bylaws, in an uncontested election of Directors (i.e., an election where the nominees for director exceeds the number of directors to be elected), a nominee must receive more votes for than against his or her election in order to be elected to the Board. The Board expects a Director to tender his or her resignation if he or she fails to receive the required number of votes. The Board shall nominate as Director only those candidates who agree to tender, prior to nomination, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next annual meeting at which they face election (or re-election) and (ii) the Board's acceptance of such resignation. Similarly, the Board shall fill

Director resignations and new directorships only with candidates who agree to tender the same form of resignation tendered by other Directors in accordance with this policy prior to any subsequent nomination.

If any incumbent director fails to receive the required vote for election, the Governance Committee of the Board of Directors will promptly consider whether to accept that Director's previously tendered resignation or reject it. In considering whether to accept or reject the tendered resignation, the Governance Committee will consider all factors deemed relevant including, without limitation, the stated reasons why shareholders voted against the election of the Director, the length of service and qualifications of the Director whose resignation has been tendered, the Director's contributions to EDS, EDS' Corporate Governance Guidelines and the impact of the resignation on any contractual and regulatory requirements. The Board will act on the Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting when the election occurred. In considering the Governance Committee's recommendation, the Board will review the factors considered by the Governance Committee and such additional information and factors the Board believes to be relevant. Absent a compelling reason for the Director to remain on the Board, it is the Board's intention to accept the resignation. Following the Board's decision on the Governance Committee's recommendation, EDS will promptly publicly disclose the Board's decision of whether to accept the tendered resignation (together with an explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation) in a Form 8-K filed with the Securities and Exchange Commission.

To the extent that one or more Directors' resignations are accepted by the Board, the Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any Director who tenders his or her resignation pursuant to this provision is expected to not participate in the Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. If a majority of the members of the Governance Committee are not duly elected under the Company's Bylaws at the same election,

then the independent Directors who are duly elected at that election will designate a group amongst themselves to consider the tendered resignations and to recommend to the remaining duly elected independent Directors whether to accept or reject the tendered resignations.

This corporate governance guideline will be summarized or included in each proxy statement relating to an election of directors of EDS.

### **Service on Other Boards**

The Board believes that individuals should limit the number of boards of publicly traded, for-profit corporations on which they serve in order to give proper attention to their responsibility to each board. As a general policy, the Board believes that Directors should limit their service to not more than four boards of publicly traded companies in addition to that of the Corporation, but exceptions to this policy will be made in appropriate cases. Where a director seeks to serve on more than four such boards, s/he should seek and obtain approval of the Governance Committee for that service. At its discretion, the Governance Committee may refer the approval to the full Board.

Members of EDS' Audit Committee who seek to serve on the audit committee of another public company where that service will result in more than three public company audit committee memberships simultaneously should seek and obtain a determination of the Corporation's Board, in advance of accepting such service, that such service will not impair the ability of such Director to effectively serve on EDS' Audit Committee.

All memberships on other boards by the CEO will be considered and decided by the full Board based upon the Governance Committee's recommendation. As a general rule, the Board will discourage the CEO from serving on more than three Boards in addition to the Board of the Corporation.

Regardless of whether Governance Committee or Board approval is required for service on other Boards, a director seeking to serve on another Board should notify the CEO and General Counsel in advance of accepting such service and should defer final acceptance of such a position until

advised by the CEO or General Counsel that such service does not present legal or other serious problems for EDS. The General Counsel will be expected to coordinate resolution (if possible) or communication of any legal or business issues as expeditiously as possible.

### **Director Orientation Program and Continuing Education**

An appropriate orientation program will be provided to each new Director. The Board may provide continuing education for Directors, either individually or as a group, when circumstances suggest such education would be of significant benefit to the Director(s).

## **Board Operations**

### **Number of Regular Meetings**

The Board normally will hold five or six regular meetings each year, although the number of scheduled Board meetings may vary with circumstances. Special meetings will be called as necessary.

### **Agendas**

The Chairman of the Board and CEO (if not the Chairman) should establish the agenda for each Board meeting, taking into account suggestions of other Directors. The Presiding Director shall review and approve the agenda proposed by the Chairman in advance of each meeting. Other Directors are also encouraged to suggest the inclusion of agenda items and the Chairman is expected from time to time to ask the other Directors for their suggestions on agenda items. Each Director is free to raise at any Board meeting items that are not on the agenda for that meeting. At least annually, the independent Directors shall evaluate the Board's plan for agendas for each meeting in the upcoming year and shall discuss recommendations for any changes to that plan in executive session with the Presiding Director, who will communicate those recommendations to the Chairman.

### **Non-Management Executive Sessions**

From time to time, and at least twice per year, non-employee Directors will meet in executive session without management present. Such sessions are a normal part of the Board's deliberations and activities. Any non-employee Director may request such an executive session.

CEO evaluation and compensation review will take place during a non-management executive session(s). Unless the position of Chairman is then held by a non-employee Director, all executive sessions will be led by the Presiding Director, who will develop the agendas for the executive sessions and lead the communication of the results of the CEO evaluation. The position of Presiding Director will be rotated annually (at the time of the annual meeting of shareholders) among the Chairpersons of the Board's three standing Committees.

### **Meeting Materials**

In advance of each Board meeting, an agenda for such meeting will be sent to each Director together with: (a) written materials pertaining to the matters to be presented for Board decision at such meeting, preferably including copies of presentations to be made to the Board; (b) summary of financial information needed to understand the performance of the Corporation; (c) minutes of the most recent Board meeting and of any Committee meetings held since the distribution of materials for the most recent Board meeting; and (d) other written materials that are available in advance of the meeting ("Pre-meeting Materials"). Pre-meeting Materials should be designed to provide a foundation for the Board's discussion of key issues and allow the Board to make the most efficient use of its meeting time. Directors may request additional information or changes in the scope, amount or format of the information provided in such Pre-meeting Materials, and the CEO will make every effort to provide such additional information or make such changes. In advance of each meeting, the Presiding Director shall review and approve a description of the nature and type of Pre-meeting Materials to be sent to the Board based on the proposed agenda for the meeting. At least annually, the independent Directors shall evaluate the information provided at and in advance of meetings and shall discuss recommendations for any changes to that information in executive session with the Presiding Director, who will communicate those recommendations to the Chairman.

### **Board Access to Management**

Directors have complete and open access to the Corporation's management. In addition, members of the Corporation's senior leadership routinely attend Board and Committee meetings. The Board encourages senior leadership to bring managers into Board or Committee meetings or other scheduled events to provide additional insight into matters being considered or to expose

the Board to individuals with high potential for significant leadership roles in the Corporation. Additionally, Directors may from time to time meet individually with members of Management.

### **CEO Evaluation**

The CEO's performance will be evaluated annually and as a regular part of decisions with respect to CEO compensation. The responsibility for this evaluation will be shared between the Compensation and Benefits Committee and the other Independent Directors, including oversight of a formal process for conducting the evaluation.

### **Management Development and Succession Planning**

On an annual basis, the CEO will present a report on management development for key Management positions together with a proposed CEO Succession Plan to the Governance Committee and the Board for consideration. The CEO Succession Plan will address CEO succession in the event of an emergency as well as in the event of the retirement of the CEO and the policies and principles applied in developing the plan.

### **Board Evaluation**

On an annual basis the Board will conduct or cause to be conducted an evaluation of its performance to determine whether the Board and its Committees are functioning effectively. This evaluation will take place under a formal process approved by the Governance Committee. All Directors are free to make suggestions to improve the Board's effectiveness at any time and are encouraged to do so.

### **Board Advisors**

The Board has complete authority to retain and terminate such independent consultants, counselors or advisors to the Board as it shall deem necessary or appropriate, at the expense of the Corporation, including determining the fees and other terms of such retentions or terminations.

## **Board Committees**

The Board currently has three standing Committees - Audit Committee, Compensation and Benefits Committee, and Governance Committee. The Board may, from time to time, expand the number of standing committees or form ad hoc committees. Each of the Audit, Compensation and Benefits and Governance Committees will be composed entirely of Independent Directors, will have a written charter that complies with the requirements of the New York Stock Exchange and will report regularly to the Board on Committee meetings and other Committee activities. Normally, each standing Committee will report on its meetings and activities at the next regularly scheduled meeting of the full Board.

## **Committee Composition**

The size, membership, and chairs of each Committee will be determined by the Board and will comply with New York Stock Exchange and legal requirements. The membership and Chairs of the standing Committees may be rotated from time to time to allow Directors to serve on various committees over time and to promote continuity of membership and leadership on each Committee. The Governance Committee will provide recommendations to the Board regarding the size, membership, chairs and rotation of Committees. The Chairman and CEO may participate in any Committee meeting except when such participation would present a conflict of interest or, in the case of a Chairman who is also the CEO, the meeting is a non-management executive session of the Committee.

## **Committee Meetings, Agendas and Written Materials**

For each year, each standing Committee, in consultation with the CEO, will approve an annual work plan and meeting schedule for the Committee. Copies of each Committee's annual work plan and schedule will be distributed to all Directors. Agendas for each Committee meeting will be developed by the Secretary to the Committee based on the work plan and other facts and circumstances in consultation with the Chair of such Committee and other Committee members as appropriate. The agenda, together with: (a) written materials pertaining to the matters to be presented for consideration at such meeting; and (b) the minutes of the most recent meeting of the Committee, will be provided to each Committee member in advance.

### **Management Attendance at Committee Meetings**

The Chair of each Committee in consultation with the CEO will determine which members of Management in addition to the Committee secretary will attend each Committee meeting. The CEO may attend any Committee meeting except those designated as a non-management executive session.

### **Committee Evaluations**

Each of the Corporation's standing Committees will be evaluated annually with respect to its performance in accordance with a formal process approved by the Governance Committee.

### **Other Matters**

#### **Directors' Compensation and Stock Ownership**

Directors' compensation will be determined by the Board based on recommendations of the Compensation and Benefits Committee. In determining the amount and composition of the compensation of the Corporation's Directors, the compensation of Directors of other comparable enterprises, both with respect to size and industry, will be considered. Members of Management who are also Directors will not receive additional compensation for their service as Directors. The Board believes that it is important to align the interests of Directors with those of the Stockholders and for Directors to hold equity ownership positions in the Corporation that are meaningful in their individual circumstances. Accordingly, the Board expects Directors to comply with such guidelines for equity ownership by Directors as the Board may from time to time adopt. The Board also encourages individual Directors to increase their ownership above the levels provided by such ownership guidelines as and to the extent appropriate in their individual circumstances.

#### **No Director Consulting Contracts**

Non-Employee Directors will not be paid for consulting with the Company.

### **Charitable Contributions**

Contributions by EDS to not-for-profit organizations with which an EDS director is affiliated as a board member, trustee or officer must be approved by the Governance Committee if they are over \$25,000 and by the full Board if they are over \$100,000.

### **Communications**

In general, Management speaks for the Corporation. Inquiries from Stockholders, analysts, the press, customers, suppliers, employees or others may be referred to the CEO or other appropriate members of Management. However, interested persons may communicate with the Presiding Director or other non-management directors as a group as provided in the process for communicating with directors posted on the Company's website.

### **Related Party Transaction Policy and Procedures**

The Board of Directors recognizes that Related Party Transactions can present conflicts of interest and questions as to whether the transactions are in the best interest of the Corporation. It is therefore the Corporation's policy to enter into or ratify Related Party Transactions based upon a determination that the transaction is in, or not opposed to, the best interest of the Corporation. The Board has adopted the policy and procedures below for the review, approval and ratification of Related Party Transactions.

For purposes of this policy, a "Related Party Transaction" is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, that is reportable under the Securities and Exchange Commission's rules regarding related party transactions ("SEC Rules"). For purposes of this policy, "related person" and "immediate family member" have the meanings as set forth in the SEC Rules.

*Approval Procedures.* Generally, Related Party Transactions should be approved in advance.

*Board, CEO and Shareholder Transactions.* The Governance Committee of the Board should review and approve Related Party Transactions involving any director, nominee for director, the Corporation's Chief Executive Officer, any shareholder owning more than 5% of the

Corporation's voting securities, or any of their immediate family members or related firms. Any member of Governance Committee that is involved in the transaction being considered is expected not to participate in determining whether it should be approved.

*Other Executive Transactions.* The CEO should review and approve Related Party Transactions involving executive officers (or their immediate family members or related firms) other than the CEO or any executive officer who is also a Board member.

The CEO or any other executive officer may, at his or her sole discretion, refer consideration of any Related Party Transaction involving an executive officer other than the CEO or other inside Board member(s) to the Governance Committee. Similarly, the Governance Committee may, in its sole discretion, refer consideration of any Related Party Transaction to the full Board.

*Information Required.* The Governance Committee or CEO should be informed of the relevant facts of the proposed transaction, including material terms and conditions and the related party's relationship or interest, prior to a decision to approve the transaction.

*Factors Considered.* In determining whether the transaction is in, or not opposed to, the Corporation's best interest, the Governance Committee or CEO may consider any factors deemed relevant or appropriate, including (but not be limited to) whether any actual or apparent conflicts of interest are raised, the nature, size or degree of those conflicts, whether mitigations of the conflicts are feasible, potential benefits and detriments to the Corporation, whether the nature or terms of the transaction are unusual, and whether steps have been taken to ensure fairness to the Corporation. In making a decision, the Governance Committee or CEO may seek and consider the Ethics & Compliance Officer's written recommendation as to issues raised under the Code of Business Conduct and corporate policies. Any other legal or expert advice considered appropriate may also be obtained.

*Approval Conditions.* A transaction submitted to the Governance Committee or the CEO for advance approval should be approved before it is finalized. Notice of a decision by the CEO to approve a Related Party Transaction should be sent to the Governance Committee prior to

finalizing the transaction, and any Governance Committee member may seek more information or call a meeting to discuss the transaction in greater detail. The Governance Committee or the CEO may impose any conditions deemed appropriate in connection with approving a Related Party Transaction, including but not limited to specific mitigations.

*Ratification Procedures.* If any director or executive officer becomes aware of a Related Party Transaction, that should have been but was not approved in advance under this policy, he or she should report the transaction to whoever would have approved the transaction had it been submitted for advance approval (i.e., the Governance Committee or the CEO, depending on the related party involved). If the transaction is ongoing and legally revocable, it should be reviewed to determine whether ratification or any other action should be taken (including but not limited to amending or terminating the transaction). If the transaction is completed and not legally revocable, it should be evaluated to determine if any mitigation or other action should be taken. In each case, the Governance Committee or the CEO should consider any factors and advice deemed relevant or appropriate.

*Employment of Immediate Family Members.* The Board believes that employment of an immediate family member of an executive officer (other than the CEO) does not need to be reported to the Governance Committee prior to approval unless the employee is “pay-banded” under the Corporation’s compensation structure or, if not “pay-banded”, his or her compensation is reasonably expected to exceed \$200,000 per year. In all other circumstances, the hiring should be approved in accordance with the process outlined above.

*Periodic Committee Reports.* Management should report to the Governance Committee at its next regularly scheduled meeting, any transaction between the Corporation and a related person of which management becomes aware that is not covered by the foregoing approval policy because it is not reportable under the SEC Rules or it involves employment of an immediate family member that was not reported to the Governance Committee in advance under this policy.

### **Code of Business Conduct**

The Board should approve the Code of Business Conduct as it applies to Directors and any amendments to the Code of Business Conduct applicable to Directors. Any significant revisions to the Code of Business Conduct (even if not applicable to Directors) should be reviewed and approved by the Board. Each proposal to waive the Corporation's Code of Conduct for any Director or Executive Officer must be approved in advance by the Board and promptly disclosed as required by New York Stock Exchange Rules and applicable law.

### **Evaluation of Corporate Governance Guidelines**

The Governance Committee will review EDS' Corporate Governance Guidelines from time to time as developments or circumstances make review of particular guidelines appropriate. The entire Corporate Governance Guidelines will be reviewed by the Governance Committee not less frequently than every three years. The Governance Committee will report to the full Board for its consideration and adoption any recommendations for additions or amendments to the Corporate Governance Guidelines, as well as the process and results of the full review of the Corporate Governance Guidelines conducted every three years.

In conducting its review, the Governance Committee will consult with the Compensation and Benefits Committee with regard to guidelines on Directors' Compensation and Stock Ownership. The Compensation and Benefits Committee may from time to time as it deems appropriate make recommendations to the full Board regarding changes in the guidelines on Directors' Compensation and Stock Ownership.

### **Customer Conflicts**

Directors whose duties and obligations outside EDS create a material conflict of interest (whether actual or potential) with those of any EDS customer -- insofar as those conflicts involve the discharge of the director's duties to EDS are concerned -- should, when notified of such a conflict, seek appropriate means to avoid or minimize any actual or potential conflict. Such means should be developed in consultation with the Governance Committee and/or the Chairman of the Board, and may include: (a) recusal of the director from any decision by EDS or its Board involving that customer, (b) requests to eliminate or avoid access to confidential or sensitive

information in EDS' possession about that customer, and (c) certification to the customer of the protective procedures or processes adopted for this purpose. By way of example, an EDS director who is also a director or senior executive of Company "A" may, in consultation with the Chairman, consider it appropriate to create a "Chinese wall" prohibiting access to information in EDS' possession about an EDS customer which is a competitor of Company "A".

### **Shareholder Rights Plan**

EDS does not have a shareholder rights plan. The Board shall obtain shareholder approval prior to adopting a shareholder rights plan unless the Board in the exercise of its fiduciary duties determines that under the circumstances then existing, it would be in the best interest of the Company and its shareholders to adopt a rights plan without prior shareholder approval. Any such determination by the Board to adopt a rights plan without prior shareholder approval shall be made by a committee appointed by the Board and comprised of all independent Directors. If a rights plan is adopted by the Board without prior shareholder approval, the plan must provide that it shall expire within one year of adoption unless ratified by shareholders.

### **Director Attendance at Annual Shareholder Meetings**

EDS' directors have long made it a practice to attend all annual shareholders meetings. The Board continues to believe that each director of EDS should attend each annual shareholders meeting in its entirety and in person. Accordingly, each director should ensure that the director's schedule permits such attendance and should make every reasonable effort to attend. Directors who are nevertheless not able to attend such meetings -- for example, because of a personal emergency -- should review a transcript of the meeting promptly after it takes place.