

January 24, 2006

Electronic Data Systems
Attn: General Counsel's Office
5400 Legacy Drive
Plano, Texas 75024

Dear General Counsel of EDS:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including EDS. I have enclosed the findings relevant to EDS and am requesting verification or refutation of the data from you by February 3, 2006.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to EDS, please be assured that any response received by POGO will be posted on the website along with the data.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Kevin L. Phelps
Project Director

Enclosure

Instances

1.

Case Name: N/A

Date: 11/22/2005, date of settlement

Misconduct Type: Tax

Contracting Party: International

Court Type: Civil

Amount: \$121,800,000

Disposition: Settlement

Synopsis:

“Her Majesty’s Revenue & Customs (HMRC) and EDS...negotiated a settlement of HMRC’s claim for compensation for issues experienced with the IT system developed by EDS, to support the 2003 launch and subsequent operation of Tax Credits, during their partnership with HMRC.

HMRC and EDS have successfully concluded an aggregate settlement of £71.25m [\$121.8 million], including an up front payment and payments of additional amounts over time. The specific terms of the settlement agreement are confidential.”

Document:

http://www.eds.com/news/news.aspx?news_id=2744

Pending cases

1.

Case Name: Feder v. Electronic Data Systems

Misconduct Type: Securities

Contracting Party: N/A

Court Type: Civil

Synopsis:

This class action suit alleges that Electronic Data Systems violated the Securities Exchange Act by using improper accounting methods to artificially inflate the price of EDS stock.

Documents:

<http://www.ca5.uscourts.gov/opinions/pub/05/05-40636-CV0.wpd.pdf>