

June 2, 2008

Electronic Data Systems Corporation
5400 Legacy Drive
Plano, TX 75034-3199

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Electronic Data Systems. On January 24, 2006 and November 15, 2006, we sent Electronic Data Systems information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

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

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

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

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Compensation Issues Regarding the Development of an IT System

Date: 11/22/2005 (Date of Settlement)

Misconduct Type: Tax

Enforcement Agency: International

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."

2. Feder v. Electronic Data Systems (Violations of the Securities Exchange Act)

Date: 03/07/2006 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$137,500,000

Disposition: Settlement

Synopsis: The plaintiffs alleged that EDS violated the Securities Exchange Act by using improper accounting methods to hide financial problems and by making material misrepresentations in its financial statements and public announcements. The case settled in March 2006. A settlement fund in the amount of \$137,500,000 in cash was established.

3. Failure to Conform to Current Good Manufacturing Practices

Date: 02/07/2005 (Date of Inspection Report)

Misconduct Type: Consumer Affairs

Enforcement Agency: Health and Human Servs.

Contracting Party: None

Court Type: Administrative

Amount: \$0

Disposition: Administrative Agreement

Synopsis: During a 2004 inspection it was found that a device produced by EDS was not being manufactured in conformance with Current Good Manufacturing Practice. Some Quality System (QS) violations included: failure "to ensure that the procedures for implementing corrective and preventive actions were complete," that "software used by your firm as part of the quality system has not been fully validated for its intended use according to an established protocol," and failure "to address design input requirements that are incomplete." The Food and Drug Administration requested that EDS immediately take prompt action to correct these violations.

4. Accounting Irregularities

Date: 09/25/2007 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: SEC
Contracting Party: None
Court Type: Administrative
Amount: \$490,902

Disposition: Settlement

Synopsis: Electronic Data Systems agreed to pay \$490,902 in disgorgement and prejudgment interest to settle a Securities and Exchange Commission investigation into alleged accounting irregularities that occurred from 2001 to 2003. According to the SEC, EDS failed to disclose, or selectively disclosed, the cost of certain derivatives contracts, failed to adequately disclose an extraordinary transaction with a major customer that increased its reported cash flow by \$200 million, and maintained inaccurate books and records. The latter charge partly involved the conduct of the Indian office of former EDS subsidiary A.T. Kearney, Inc., whose president was alleged to have paid bribes to senior employees of Indian state-owned companies between 2001 and 2003 to retain their business. EDS neither admitted nor denied wrongdoing. See related Electronic Data Systems misconduct instance, "SEC v. Srinivasan (A.T. Kearney India Bribes)."

5. SEC v. Srinivasan (A.T. Kearney India Bribes)

Date: 09/25/2007 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: SEC

Contracting Party: None

Court Type: Civil

Amount: \$70,000

Disposition: Settlement

Synopsis: The Securities and Exchange Commission settled a civil action against Chandramowli Srinivasan, the former president of A.T. Kearney India, which was an EDS subsidiary during the time period in question. The SEC accused Srinivasan of making \$720,000 in bribe payments between early 2001 and September 2003 to senior employees of Indian state-owned companies to retain their business. The SEC charged that those payments also caused EDS to maintain inaccurate books and records. Srinivasan neither admitted nor denied wrongdoing and agreed to pay a \$70,000 fine. EDS sold A.T. Kearney in January 2006. See related Electronic Data Systems misconduct instance, "Accounting Irregularities."

6. Stockholder Derivative Lawsuits Settlement

Date: 10/08/2007 (Date of Settlement)

Misconduct Type: Securities

Enforcement Agency: Non-Governmental

Contracting Party: Defense - Navy

Court Type: Civil

Amount: \$6,000,000

Disposition: Settlement

Synopsis: A stockholder derivative lawsuit filed in Texas federal court claimed that, from 2000 to 2002, various officers and directors of Electronic Data Systems Corp. improperly inflated the company's revenues by more than \$300 million through a contract with the U.S. Navy. In October 2007, EDS settled this and other pending shareholder lawsuits by authorizing its insurers to deposit \$6 million in an escrow account and agreeing to implement various corporate governance changes.