2005 Corporate Social Responsibility Report

CREATING A WORLD OF OPPORTUNITY





Letter From Michael Jordan and Tina Sivinski

Turning opportunities into realities for our clients, shareholders and employees is the hallmark of everything we do at EDS. For us, hard work and a job well done are the motivation behind our efforts in business and our communities.

In 2005, more than 117,000 EDS employees came together to face down challenges and embrace opportunities around the world. This was true whether we were reaching out to clients and fellow employees during the hurricanes along the Gulf Coast or floods in India. It extends beyond creating one of the best companies to work for in the world to reaching out as mentors and tutors to thousands of children. Our people seize the opportunity to do what's needed – inside and outside EDS.

Success to us is making the world a better place than when we started in business more than 40 years ago. We do this through our services and capabilities, good corporate citizenship, and a commitment to ethical and socially responsible leadership. Because, in the end, our work reaches further than ourselves. The opportunities we have to make a difference define a corporate legacy worth working for – and keeping.

Michael H. Jordan Chairman and

Chief Executive Officer

Michael Hy Jordan

Tina Sivinski

Executive Vice President Human Resources

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» SECTION 1 «

CREATING A WORLD OF OPPORTUNITY

Introduction

Globalization brings a new dimension to the business world. Corporations today are expected to demonstrate values that benefit not only their stakeholders, but the entire global community. EDS is prepared to accept and embrace that responsibility. We want to provide our stakeholders a clear picture of how EDS demonstrates these values within its industry, its communities and the world market.

We are proud to do this through the *EDS 2005 Corporate Social Responsibility Report*, a straightforward account of how we operate, communicate, connect and adapt. The report chronicles a year of opportunity for EDS – opportunity we created and used to the advantage of our stakeholders.

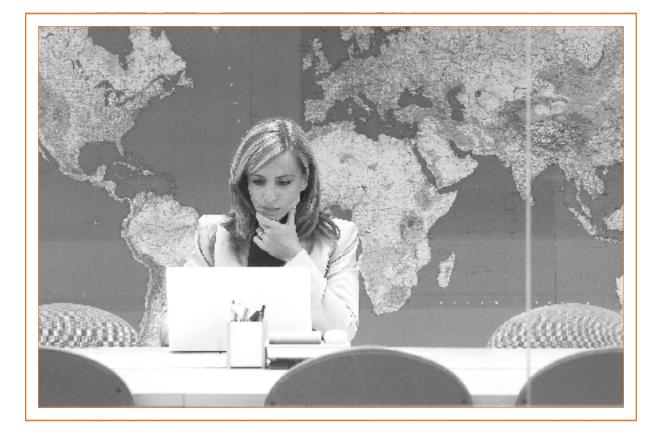
In 2005, EDS continued a turnaround to regain its financial stability and its market leadership position. We reignited our sales engine with new business signings of \$20.1 billion in total contract value – nearly twice our 2004 total. We improved our ability to develop and deliver high-quality services more efficiently and consistently.

More than 50,000 employees upgraded their skills by completing almost 2 million training hours through a bold education and development program. We reduced our cost of revenue by approximately \$1 billion through several cost leadership initiatives. At the same time, we tended to our local and global communities, donating almost \$8 million and volunteering more than 78,000 hours to important causes.

Our 2005 Corporate Social Responsibility Report shows, in an open and authentic manner, how EDS met its commitment to "Creating a World of Opportunity" – one that benefits all our stakeholders. But the story doesn't end there. We will make it our ongoing mission to merit the respect and confidence of all our stakeholders as we regain market leadership in the years ahead.

"We have laid the foundation. Now it's time to grow."

Michael Jordan
FDS Chairman and CFO



2005 Priorities and Progress

For EDS, 2005 was a year of progress, planning and preparing for the next part of our corporate journey: becoming the market leader in the information technology (IT) services industry we invented. In only a few years, EDS evolved from being a confederation of separate accounts to operating as a more globally integrated company centered on its core business. That move has given us a strong, competitive position in the marketplace.

We met key financial targets while positioning the company for profitable growth in the future. Continued deployment of our Agile Enterprise Platform and expanded projects with our Agility Alliance partners — who are the industry's leading technology providers — are vital to this strategy. Among other business highlights, EDS made significant progress in these areas:

- Completed the first phase of our Global Services
 Network, the secure foundation for the EDS Agile
 Enterprise and Managed Communication Services
 platforms, as the next-generation delivery models for
 IT and business process services.
- Celebrated the first anniversary of the Agility Alliance and opened two Alliance Development Centers in the United States to further that effort.

- Launched ExcellerateHRO[™], a new human resources outsourcing business, in a joint venture with Towers Perrin.
- Solidified our 21-year client relationship with General Motors by meeting challenging service targets and bringing compelling innovation to the account.
- Continued to improve operational and financial performance with the historic Navy Marine Corps Intranet account, positioning that account to become a source of free cash flow and earnings.
- Extended our leadership in Medicaid, winning new or add-on business for a combined contract value of almost \$800 million. That included victories in six out of eight states, bringing our total state Medicaid contracts to 19.

This progress enabled us to enter 2006 ready to execute on a winning strategy. After several years of planning and development, we have a strong operational base, greater financial stability and a solid management team. Also, new enterprise goals provide the framework for effectively executing that strategy. Much work lies ahead as we stress organizational and core effectiveness, account intensity, and fixing our business mix through emphasis on our business process outsourcing (BPO) and applications offerings.

We met key financial targets while positioning the company for profitable growth in the future.

Looking Ahead

EDS' goal for 2006 is to grow the business, building on our 2005 momentum and strengthening our ability to achieve market leadership. The time spent planning and developing our strategy has paid off in a sharper focus on our core business and created a ripple effect of positive outcomes: enhanced financial stability, renewed respect from clients, optimistic reviews from industry analysts and greater success at winning new business.

We have made progress, but we must move from being a good, respectable company to being a great market leader. EDS will continue to execute our Multi-Year Plan and focus on four organizational objectives that can steer us from good to great: account intensity, core effectiveness, organizational effectiveness and fixing the business mix.

EDS is truly reinventing itself and the industry we created. The new EDS will be a more dynamic company, capable of delivering sustained value to its clients and shareholders.

Corporate Social Responsibility Commitment

EDS is making great strides toward internal and external recognition as a leading socially responsible company. The World Business Council for Sustainable Development defines corporate social responsibility as a business's commitment to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve quality of life.

EDS works to integrate corporate social responsibility into the values, culture, operations and business decisions at all levels of the organization.

Company Profile

When a company earns the distinction of inventing an industry, it generates high expectations – from itself and from the marketplace. EDS founded the IT services industry more than 40 years ago, opening the door to what is now an estimated \$670 billion marketplace.

At EDS, we never stop working for our clients as the face of the global economy changes. We constantly look ahead – to anticipate, recognize and interpret trends, and to provide the business solutions that address our clients' needs and enable them to seize opportunities. Our ability to do this successfully, year after year, continues to shape EDS' future and that of our dynamic industry.

EDS' Operating Model

EDS is a services company, and we recognize the importance of relationships as we work to become our clients' trusted ally and business partner. Internal relationships are equally important, and in a series of corporate realignments in 2005, EDS strengthened the internal relationship between the Sales and Delivery teams.

As the next step in our "stabilize, fix and invest-to-grow" business strategy, we created a new organization consisting of three core units, all reporting directly to the chief operating officer:

- Global Sales & Marketing
- Global Sales Support
- · Business Transformation Outsourcing

Organizational Structure

By integrating the chief operating officer role into the Office of the Chairman and combining our sales and delivery functions, EDS is accelerating the pace of change and more tightly integrating our operations.

- The Office of the Chairman oversees all functions of the enterprise and comprises Chairman and Chief Executive Officer Michael Jordan, President Jeff Heller and Chief Operating Officer Ron Rittenmeyer.
- The Office of the Chief Operating Officer was established earlier in 2005 to increase alignment and drive change throughout EDS business operations.
 The chief operating officer currently reports to the Office of the Chairman, with responsibility for day-to-day operations of the company, including the Global Service Delivery organization.

EDS Subsidiaries



MphasiS BFL Limited operates as an independent EDS company. Based in Bangalore, India, MphasiS is a leading applications and business process outsourcing services company. Its 12,000 employees – 11,000 in India – serve more than 200 global clients in multiple industries, including financial services, transportation, technology, manufacturing and healthcare. MphasiS is particularly strong in the banking sector, serving the world's leading retail banks. EDS' acquisition of a majority stake in MphasisS was completed in 2006.



ExcellerateHRO, a joint venture of EDS and Towers Perrin, offers a flexible portfolio of human resources (HR) outsourcing services to mid-size and large employers. The company, created in 2005, combines EDS' technology and HR business process expertise with Towers Perrin's benefits administration and HR domain expertise.

EDS Subsidiaries (continued)



EDS Advanced Solutions

EDS Advanced Solutions, a subsidiary of EDS Canada, focuses on mission-critical government programs and provides expertise in the areas of Revenue Management Services and technical capabilities such as Application Selective Outsourcing and Application Portfolio Assessment.

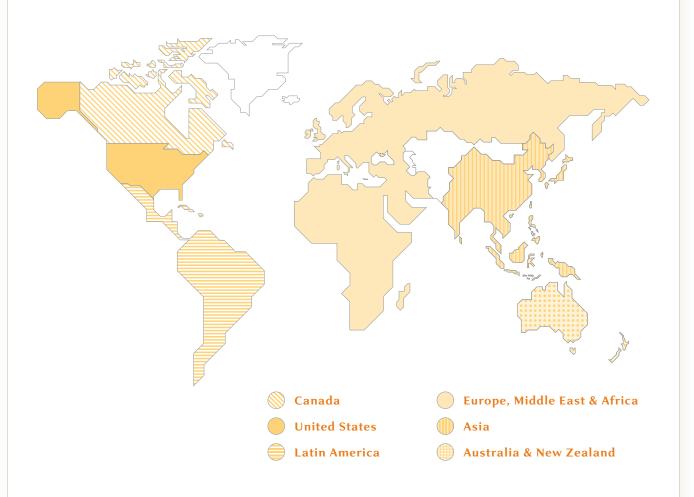


SOLCORP, a wholly owned subsidiary of EDS, is a global leader in software solutions and services for the life insurance and wealth management industries. SOLCORP solutions help customers reduce their total cost of administration, accelerate the introduction of new products to the market, and streamline infrastructure through the migration and consolidation of existing products.



Wendover supports a wide spectrum of consumer lending products with the full continuum of services, from administration and servicing to collection. Established on February 14, 1986, Wendover has grown to serve as many as 300,000 loans.





Additional business that cannot be represented geographically: U.S. Government, General Motors (GM), Navy Marine Corps Intranet (NMCI)

EDS provides solutions that help clients maximize return on their IT investments.

Industry Expertise

Industries struggle to find new revenue streams while simultaneously driving costs out of the operation. With our deep knowledge of global industries, EDS delivers business solutions that help clients improve their business performance and achieve their strategic objectives. Not only have we watched all the major industries change and grow, we helped shape many of their IT and business processes – working closely with regulatory bodies, standards organizations and industry professionals to develop solutions.

Portfolio Overview

EDS provides solutions that help clients maximize return on their IT investments. Our deep industry knowledge enables clients to address issues specific to their businesses. Our unmatched global infrastructure provides the capacity and capability to help ensure we deliver exceptional service.

Our Services

All successful enterprises are looking for new ideas, tools and processes that can help them meet the demands of growth and productivity in a constantly changing world. EDS helps our clients do just that.

By applying proven business and technology solutions, we enable clients to manage the complexity of their current environment – and prepare for the business changes to come. We improve their business processes; put the best applications in place to meet the needs of their employees, constituents and customers; and provide an agile infrastructure that can grow with them.

With 44 years of industry and technology experience, EDS brings confidence and know-how to help meet our clients' needs through these portfolios:

- EDS Applications Portfolio applications development, applications management, enterprise application and integrated application services
- EDS Business Process Outsourcing Portfolio –
 card, credit and insurance administrative services;
 customer relationship management services; finance
 and accounting services; human resources services;
 billing and clearing, content management and payment services; and supply management services
- EDS Industry Solutions Portfolio contact center transformation; energy; consumer industries and retail; government; healthcare; manufacturing and transportation
- EDS Infrastructure Portfolio communications, hosting, security and privacy, workplace and mobility, and storage services



» SECTION 2 «

CREATING A WORLD OF OPPORTUNITY ... FOR OUR EMPLOYEES

Valuing each for the benefit of all

Around the world, our employees are making a difference for EDS and our clients. The skills, expertise and talent of each individual enable us to deliver proven, world-class business and technology solutions that drive client performance.

As our main touch point with clients, partners and communities, our employees put EDS' best face forward every day, around the world. That's why we consider it so important to support, encourage and motivate employees as they deliver on their commitments.

"The power and genius of our company rest on our ability to harness the knowledge of individuals across the globe."

Michael Jordan EDS Chairman and CEO



Workforce Management Program

The enterprise Workforce Management Program is an essential element in EDS' strategy to establish a world-class, globally integrated workforce. Our objective is to provide clients with the right resources – the right skills, where and when they need them, and at the right cost.

The Workforce Management Program accomplishes these goals by using common processes, rules and tools throughout EDS. Initially, this effort will focus on assigning resources at the project level. This will provide a corporate view of how resources are currently being used and when they will be available for future assignments. This benefits the business in several ways:

- Cross-organization view of resource qualifications and availability
- More effective project transition due to assignment capability
- Inventory of skills and positions through a centralized employee tool
- Insights into the skills, competencies and industry knowledge the market is demanding
- Identification of skills gaps and training needs
- Improved client satisfaction by assigning resources with the right skill set to projects

Employee Skills Maintenance

To help employees maintain their skills, Primavera's Evolve™ has been deployed globally to our entire workforce. This tool helps effectively execute the Workforce Management process and provides employees numerous benefits, including the following:

- · Wider visibility of their qualifications and availability
- Ability to facilitate their career development by identifying potential project opportunities
- View of their suitability for open positions
- Increased speed for project assignments
- Portal for viewing their project and nonproject commitments

Workforce Planning

EDS uses traditional workforce planning processes with some distinguishing differences:

- A patented Skills Catalog outlines which skills are aligned to which roles and capabilities in the company.
- Resource demand and supply are monitored for better planning and more efficient deployment.
- Our employee population can access and use a skills inventory.

- EDS resource management processes and tools are in alignment with the career mobility policy.
- Gaps and surpluses are identified through the use of a Web-based Workforce Analytics Dashboard.
- Workforce analytics are done at a capability/role and location level (not a head count level).
- Resource plans are created to move, reskill, recruit/ acquire and exit the workforce.

Workforce Analytics Dashboard

The Workforce Analytics Dashboard provides an integrated view of global EDS resource supply and projected demand to help drive workforce and training strategies, work assignment and other relevant workforce activities for leaders. The manual version was released in 2005, and the online version will be released in 2006.

Career Planning and Development

EDS is a dynamic company with numerous opportunities for employees who are interested in developing their careers, seeking new opportunities and learning new skills. The EDS Self-Directed Career Planning Process leads employees through the stages of career planning: assessing their interests, identifying available job roles/skills, developing career goals, identifying performance improvement opportunities and supporting the creation of goals for career advancement. These activities form the three phases of the EDS Self-Directed Career Planning Process: Plan, Explore and Manage Learning.

Employees have access to a variety of tools/resources that can be leveraged to gain information about themselves and career interests. This information supports creating an Individual Development Plan (IDP). Developing goals and using the IDP help employees do the following:

- · Review career options
- Identify and prioritize development needs using the IDP document
- Identify job roles and career options with the EDS Job Family Matrices
- Identify learning and development activities to support their development goals

Learning Portal

A key tool used during the Plan phase is the myWorkLife portal. This self-service tool for EDS employees is an online gateway to learning and development opportunities. Employees can open a personalized portal to create an individualized development plan. They can also connect to tools that support their development, including coaching and mentoring opportunities, communities of practice, and affinity groups. The myWorkLife portal also supports the Manage Learning phase of career planning, because this is where employees create their learning plans and execute formal development options.

Global Learning and Development

Employees who can drive change, demonstrate initiative, analyze external trends, behave ethically and focus on results are vital to EDS' success. Global Learning and Development (GL&D) prepares employees with the skills and competencies needed to support EDS' products and services. GL&D's blended learning approach focuses on the acquisition, demonstration, integration and application of knowledge and skills. Through a variety of training methods, GL&D provides the tools, processes and development paths to support overall employee and leadership development.

2005 Training Hours

EDS provides employees with the skills and competencies they need to perform their roles most effectively. In 2005, EDS trained more than 100,000 employees.

2005 Training Hours

Training Area	Completed Hours
Corporate Operations/ Shared Topics	709,676
Sales	144,951
Leadership	214,983
Business Unit-Specific Courses	237,813
Program & Project Management	132,755
Technical Development	409,954
Total	1,850,132

EDS offers more than 5,700 blended courses, created in-house or through its strategic partners and vendors.

EDS Training Philosophy

Training today means more than completing a one-time course. EDS uses a blended learning approach for its wide range of development activities: Web-based training; leader-led and instructor-led training; mentoring and coaching; self-development; rotational assignments; and other self-paced development opportunities. Today, this blended learning approach comprises approximately 60 percent Web-based learning and approximately 40 percent lecture-style courses. In 2005, EDS delivered more than 603,000 hours of classroom-based, instructor-led training.

We empower employees to explore development opportunities through a variety of EDS programs and benefits such as these:

- An online gateway to learning and development that is customized to individuals and their job family (myWorkLife portal)
- Partnerships with several universities to provide an external perspective on learning via university programs
- Professional certifications
- Tuition reimbursement assistance when approved by leader
- 5,749 blended learning courses in the EDS Learning Catalog

EDS also provides development opportunities aimed at encouraging potential employees to seek careers with EDS. For example, in 2005, EDS hired 117 summer interns in offices around the globe. Twenty-six of these interns participated in a formal internship program in Plano, Texas, where they had access to senior leaders, training programs, rotational activities, case study competitions, and mentoring and coaching. And 40 of the interns participated through a program sponsored by INROADS, a nonprofit organization that recruits and places talented minority students in business and industry.

In addition, EDS participated in the Future City Competition sponsored by Engineers Week, a consortium of 100 professional and technical societies and major U.S. corporations. Middle-school students used a special software program to create cities of the future, first on computers, then on large, three-dimensional tabletop models. Our sponsorship is part of EDS' commitment to build a pipeline of talent interested in engineering.

EDS Acclimation

To ensure newly hired employees get off to a great start, EDS Acclimation offers lecture-style classes, Web-based training, checklists, global teleconferences, peer coaching and a learning portal. Corporate-based acclimation is coupled with local business unit acclimation efforts to ensure an enterprise perspective with local knowledge.

EDS Online Learning Catalog

EDS' online Learning Catalog is available through the myWorkLife portal 24 hours a day, seven days a week. EDS offers more than 5,700 blended courses, created in-house or through its strategic partners and vendors. These courses address a variety of topics such as leadership, sales, project and program management, technical training, professional development relevant to employees, and other personal development topics.

Employees can also access additional resources such as online labs, courses, tools and books. For example, EDS has global licensing to offer approximately 117,000 employees access to more than 2,400 best-in-class business and technology books covering 90 topics.

Reskilling

EDS is returning to its roots, making training and development a top priority. We recognize the need to help employees upgrade their skills. So in 2005, EDS moved forward with a bold new reskilling program to enhance and more effectively align the skills of professionals around the globe to the company's business needs.

The goal: to make the workforce more agile and more adaptable to our vision of the future. Approximately 90,000 employees were invited to participate in the reskilling

program. As part of this program, employees were able to call a hotline to talk with leaders and technical team members to get help with their career planning program.

Tuition Assistance Program

EDS' Tuition Assistance Program gives eligible employees financial assistance for tuition-related expenses during their pursuit of job-related education for undergraduate and graduate degree programs. The purpose of the program is to align training to the business needs of the organization and to assist eligible employees with their educational advancement. Funding is determined on an organizational basis based on budget availability as determined by leadership.

Mentoring and Coaching

EDS' Mentoring and Coaching Program focuses on enhancing the way employees and leaders learn, lead and communicate. The goal is to facilitate positive change by helping people elevate their thinking and focus on new, more effective and innovative solutions to problems. It is not about telling people what to do or delving into the details of the problems they face.

The global Mentoring and Coaching matching tool enables any EDS employee with access to the intranet to register as a coach or mentor or to find a coach or mentor. EDS currently has more than 1,000 registered participants.

Transformational Leadership Coaching

In 2005, EDS launched a Transformational Leadership Coaching (TLC) Program. It was piloted with 40 leaders during 2005 and has a goal of reaching more than 300 leaders in 2006. The TLC program aims to make a positive impact on the business in several ways: by favorably affecting the bottom line; increasing productivity; and enhancing the general performance, morale, leadership impact and retention of our talented workforce.

"Coaching has increased my productivity by enabling me to spend more time on higher priority items, which results in higher impact to the company."

> Mark Bryggman EDS Client Executive for California State Automobile Association

The EDS Way

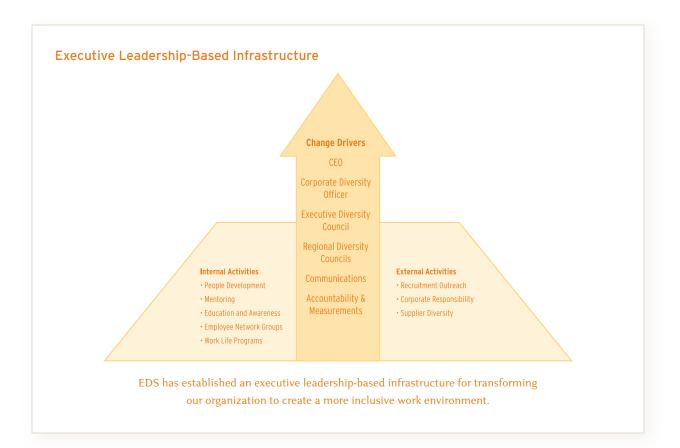
The EDS Way is a lecture-style workshop and program designed to support the strategic direction and culture of the company. The program was designed to unlock the power and pride of EDS within all employees.

During a three-year transformation process, EDS invited 600 leaders from around the globe to help align our strategy, culture and key transformational efforts. EDS executives and senior leaders originally taught this program in a five-day lecture-style workshop. The program was expanded to include a one-day format for all employees. Both class formats discuss EDS culture, values, organization and business strategy through a variety of interactive learning activities, including dialogue with a senior corporate or regional leader.

Fostering Diversity and Inclusion

EDS senior leaders are committed to creating and sustaining a workforce that embraces diversity and inclusion. The commitment is much broader than ethnicity and gender and focuses on total inclusion.

The core intent of our diversity practice is for all employees to feel included and respected for the innovation, skills and talents they bring to EDS. The Executive Diversity Council, Regional Diversity Councils and Employee Network Groups are the support foundation for EDS' diversity practices, as illustrated in the following diagram. This year, support groups focused on education and awareness, recruitment and retention, and communications.



- The Executive Diversity Council (EDC) consists
 of 14 senior executives who set the diversity goals for
 EDS and champion processes, practices and policies
 that promote an inclusive work environment.
- The Regional Diversity Councils represent 11 global geographies. They establish initiatives for their specific region according to the direction of the EDC. Key accomplishments for 2005 are related to mentoring and coaching, awareness training, communications, supplier diversity, and community outreach.
- Employee Network Groups are formed by employees to reflect their members' common goals and viewpoints, while focusing on EDS business objectives. Membership is open to all employees.
 In 2005, EDS increased the number of executivesponsored network groups to include the following:
 - Asian Pacific American Community at EDS
 (APACE) Provides a forum for employees to
 draw upon their experiences and perspectives
 and assist in connecting other EDS employees
 to the Asian community
 - Global Women's Network (GWN) Provides a forum for all EDS women to draw on combined experience and connect as one to inspire, raise

- awareness and support each other for fulfilling careers within diverse environments. Local chapters include the following:
- EDS Canada Women's Council Supports the advancement of women in EDS Canada
- Women in Leadership Moving Ahead (WILMA) Part of the Asia Pacific Diversity Council, committed to helping women achieve their fullest potential by providing opportunities for personal and professional growth
- Women @ EDS Dedicated to capitalizing on the talents and contributions of women to achieve EDS' growth and profitability objectives
- Gay and Lesbian Employees at EDS (GLEE) –
 Promotes equality in policy and benefits
 for gay, lesbian, bisexual and transgendered
 employees
- Hispanic Employee Resource Organization (HERO) – Supports Hispanic employees by driving programs to help EDS respond effectively to its clients, shareholders, markets and communities worldwide
- Unity in Action (UIA) Promotes EDS as an employer of choice for African-Americans

EDS' Diversity and Inclusion Mission and Objectives

Mission

EDS sustains an inclusive environment that reflects the diversity of our global markets, clients and suppliers; enables employees to achieve their full potential; respects each individual; and enhances business effectiveness.

Objectives

Workplace: Create and maintain an inclusive environment where differences are represented and seen as strengths, and employees are fully engaged and productive.

Workforce: Attract, develop, promote and retain a workforce that represents the diverse markets and clients we serve.

Marketplace: Be recognized in the global marketplace as a company committed to diversity.

Diversity and Inclusion Commitments

Our commitment to diversity has been accelerated with the priorities set forth by our Executive Diversity Council. Our strategy demonstrates that diversity is a conscious part of how we do business every day.

- Education and Awareness Expand training and development programs to cultivate a culturally competent and inclusive workforce.
- Communications Ensure our stakeholders are aware of diversity and inclusion efforts and successes.
- Recruitment and Retention Employ a more focused and deliberate approach to recruit and retain the best talent.

2005 Global Accomplishments

EDS' diversity initiatives span our global community, while respecting and adjusting to local norms, structures, laws and cultures. These examples illustrate the achievements of our global regions:

- Asia Pacific EDS was selected as the Diversity@
 Work Employer of the Year 2005 by the EmployAbility
 Partnership.
- Canada EDS launched the first Women's Symposium in Toronto, Canada. More than 300 leaders and employees from around the world came to discuss diversity and fulfilling careers for women.



EDS Women's Symposium, Toronto, Canada

 EMEA – EDS South Africa signed a Black Economic Empowerment agreement to help drive growth. This agreement transferred a 20 percent stake in EDS South Africa to Koketso Gravitas Consortium, providing local shareholders an incentive to help grow the business. An additional 10 percent of the shareholding will go into an employee trust for black executive staff. Key shareholders include the Zwelonke Mother's Union – a women's group representing more than 45 churches on the East Rand.

- Latin America This region continues to support initiatives related to young people by fostering development and growth opportunities through special projects such as The Guri Project, the Mangueira Boys Project and Young Learners.
 - The Guri Project provides music classes to 188 children and teenagers who live in the poorest communities of Brazil. This orchestra school was nominated and published in Guia da Boa Cidadania Corporativa.
 - The Mangueira Boys Project was designed to minimize criminal activity among teenagers who live in Mangueira, Brazil, by providing education and training opportunities.
 - The Young Learners project provides job opportunities to high school students who study in public schools and live in poor communities. Participants were trained in EDS Call Center operations while attending vocational classes. Seven of these teenagers were hired as EDS employees after completing the one-year program.
- United States The U.S. Regional Diversity
 Councils held multicultural events such as the
 Celebration of People in Auburn Hills, Michigan.
 This event featured the people, history and artifacts
 of 20 nations from around the world with activities
 such as sushi making, salsa dance lessons, Scottish
 bagpipes and showcases from many cultures.

Marketplace Recognition and Awards

Actions speak louder than words. The global marketplace sees EDS demonstrating its commitment to diversity, and for that we have been recognized around the world:

- "Top 100 Companies" Hispanic Magazine
- "Corporation of the Year" The Women's Business Council – Southwest
- "Top 50 Best Places to Work for People with Disabilities" by CAREERS & the disABLED magazine – United States

- Employer of the Year for accommodations and support for persons with disabilities – Canadian Foundation for Physically Disabled Persons
- Policy of recruiting and training people with disabilities French Government
- Black Engineer of the Year Professional Development Award as Modern Day Technology Leaders
- Two EDS executives selected by US Black Engineer & IT magazine as some of the "Nation's Top 100 Blacks in Technology"
- Women of Color Technology Award for Professional Achievement
- "50 Most Important Hispanics in Technology and Business" – Hispanic Engineer and Information Technology magazines
- "Top 25 Most Military-Friendly Employers" by
 G.I. Jobs The third annual list of firms is based on
 strength of company military recruiting efforts, the
 percentage of new hires with prior military service
 and company policies toward National Guard and
 Reserve service.
- Compliant workplace program Australia's Equal Opportunity for Women in the Workplace Agency

Diversity and Equal Employment Policy

EDS publishes an explicit value statement that defines respect, dignity and a code of ethical conduct for all employees. Employees at all levels are held accountable for upholding these values and codes in the workplace and when dealing with vendors, suppliers, subcontractors, partners and clients.

We also comply with all applicable laws prohibiting discrimination against any applicant or employee. EDS prohibits discrimination on the basis of race, color, religion, gender, sexual orientation, national origin, age, disability, disabled veterans and veterans of the Vietnam era.

This policy applies to all personnel actions, including recruitment, hiring, placement, promotion, transfer, separation, compensation, benefits administration, training, education, social and recreational programs, and the use of EDS facilities.

Diversity Demographics

As of December 31, 2005, EDS' workforce was made up of approximately 117,000 employees who live and work in 60 countries.

Diversity Demographics 2005 Global Diversity Female % Demographics Global Workforce 37 Global Managers and 29 **Supervisors** 2005 U.S. Diversity Female and Minority % Demographics Officials and Managers 39 **Total Workforce** 54

External Organizations

There is strength in organizations that share ideas and aspirations. We support these organizations by helping members achieve their career objectives through planning, development, mentoring and training. Through this support, numerous organizations have discovered a professional "home" at EDS.

Here are some of the EDS-supported organizations that promote diversity, education, recruiting and professional achievement:

Asia Pacific

- Council for Equal Opportunity in Employment
 Ltd. (CEOE) Australia
- Employers Making a Difference (EMAD) Australia
- Equal Opportunity in Employment Trust
 (EEO Trust) New Zealand

Canada

- Catalyst
- Council for Aboriginal Business
- Foundation for Physically Disabled Persons
- National Aboriginal Achievement Foundation

EMEA

- Association of Management of the Funds for the Professional Insertion of the Handicapped People in France (AGEFIPH) – France
- Employers Forum on Disability United Kingdom
- e-skills Computer Clubs for Girls United Kingdom

• Latin America

- Guri Project Brazil
- Mangueira Boys Project Brazil
- Young Learners Project Brazil

United States

- Advancing Minorities Interest in Engineering
- Black Engineer of the Year Awards Conference
- Catalyst
- Hispanic Engineering National Achievement Awards Conference
- Human Rights Campaign
- INROADS Internship Program
- National Association of Black Accountants
- National Black MBAs Association
- National Center for Women & Information
 Technology
- National Society of Black Engineers
- National Society of Hispanic MBAs
- President's Committee for Employers of People with Disabilities
- United Negro College Fund (UNCF)
- Women in Technology International
- Women of Color Technology Awards Conference

Employee Benefits

EDS knows its employees are the strength behind the company's success. This philosophy is reflected in our benefits program, which provides flexible choices and multiple options to meet the needs of each employee.

We offer our employees health benefits (medical, dental, vision), security benefits (life insurance, disability), pension and savings programs, time off, and flexible spending accounts. Our standard benefits, which may vary slightly by country, align with market practice and local legal requirements. But our employee care goes beyond the minimum requirements.



EDS named to *G.I. Jobs* magazine's list of top "military-friendly" employers

EDS has a strong heritage of supporting military service. As a result, our company is once again among an elite group named to *G.I. Jobs* magazine's list of top "military-friendly" employers.

EDS captured the 13th spot in the magazine's "Top 25 Most Military-Friendly Employers 2005" list, announced in conjunction with U.S. Veteran's Day. EDS also ranked third in the "Most Reserve Friendly" company category.

The award salutes companies that make an effort to recruit and retain the best overall talent pool in the United States. As competition for talent increases, EDS and others named to the list have a distinct advantage over firms without military and veteran recruiting programs.

EDS' Active Duty Leave of Absence program goes into effect from the first day of active duty to a maximum of two years. During this time, EDS provides specific pay and benefits continuation. If military base pay is less than the employee's base pay at EDS, the company makes up the difference. EDS also continues to pay health and dental benefits up to two years.

In addition, EDS has an extensive program to recruit military personnel and works with the Army Career and Alumni Program, Operation Transition, and other organizations to help transition veterans into the private sector.

The programs listed below, while primarily specific to United States employees, are representative of the types of programs we may offer worldwide.

Work/Life Programs

In addition to providing employees benefits globally, EDS is committed to offering a range of programs to help employees balance their career and work/life needs.

Active Duty Leave of Absence

With the Active Duty Leave of Absence program, EDS seeks to minimize any disadvantage to employees called to active military duty with regard to pay and benefits.

Adoption Assistance Program

Under EDS' Adoption Assistance Program, employees may be reimbursed for qualified expenses to help offset the cost of adopting a child, such as agency fees, placement fees, attorney, legal and court costs, medical examinations, and transportation.

Alternative Work Arrangements

We established an Alternative Work Arrangement (AWA) Program that strives to provide more flexibility for employees, leaders and the clients they serve. EDS believes an effectively managed AWA Program can maintain or even improve employee productivity and client satisfaction. At the same time, it can meet the personal needs of employees. EDS' AWA Program currently includes a variety of work arrangements: telecommuting, job sharing, compressed workweek, reduced workweek and flexible work schedule.

College Tuition Plans

We provide tax-advantaged programs for employees to save for college, as well as financing options and tuition assistance.

EDS Credit Union

The EDS Credit Union is a full-service financial institution offering a range of services, including Internet home banking, worldwide ATM access and other banking conveniences. Members living hundreds or thousands of miles away are able to enjoy the convenience of banking with the EDS Credit Union.

Employee Discounts

We provide employees with discounts on a wide variety of products and services, including computers and electronics, travel, car rentals and hotels, gifts and retail shopping, movie tickets and video rentals, pet supplies, fitness centers, home loans, car insurance, and many others.

EDS gives employees the opportunity to own a part of EDS and to share in the successes they help create ...

Employee Recognition

We recognize employees based on outstanding performance, length of service to the corporation, or by reaching specific levels of professional or technical achievement.

EDS Equity Plans

EDS gives employees the opportunity to own a part of EDS and to share in the successes they help create through various stock purchase and incentive programs.

Financial Planning and Services

We provide employees access to financial planning services, as well as special banking benefits.

Employee Assistance Services

EDS offers comprehensive work/life education and referral programs to help its employees with the challenges of managing daily responsibilities and life events. These services include personalized information and referrals on work/life issues such as adoption, childcare, education, eldercare, finance, health and wellness, and special education.

Life Stages and Wellness Programs

EDS cares about the health and well-being of its employees and wants to provide them with the resources and support they need when dealing with medical conditions.

- The Clinical Condition Management program offers assistance to employees and their families in managing and understanding treatment plans and lifestyle issues for medical conditions such as cancer, diabetes, coronary artery disease, congestive heart failure and chronic pain.
- Health Advocates are registered nurses dedicated to offering personal care and attention to all eligible employees and their dependents.
- The LifeCare education and referral program provides employees with personalized information and referrals on health and wellness issues.

Out-of-Country Medical Insurance Plan

If employees need healthcare or to be hospitalized while traveling on business for short periods of time outside their country of regular assignment and/or residence, they are covered for out-of-country medical assistance for unexpected illness or accidental injury.

Worldwide Assistance Service

Worldwide Assistance, an international 24-hour telephone help line, assists EDS employees with personal, medical and emergency situations that arise when traveling. The service also can help employees with pre-trip planning for business or pleasure.

Workplace Health and Safety

EDS is responsible for providing a safe and healthy work environment for employees, contractors and visitors. At sites not owned by EDS but where our employees office, we work with facility management, building landlords and clients to fulfill this responsibility. These agreements with facility management and security service providers ensure our business locations receive immediate response to medical emergencies and evacuation assistance if necessary.

Health and Safety Team

Our global, cross-functional Health and Safety Team meets on a monthly basis to address health and safety issues related to our business environment. The team engages the necessary internal and external parties to mitigate health and safety concerns in normal day-to-day operations and crisis situations. The team also monitors world events, global travel advisories and health alerts that might affect EDS operations, employees and clients. Precautions and/or required actions are communicated as necessary to our employees.

Crisis Management Team

If a situation occurs that requires heightened attention, our Crisis Management Team will engage and lead the effort to ensure employee safety. The team will also coordinate communications with employees, clients and the local media until the emergency situation dissipates.

A global report indicating the number and location of employees and expatriates is updated on a monthly basis as part of our Crisis Preparedness Plan. We are also able to contact employees traveling on EDS business should situations occur that require additional safety precautions or early departure.

Workplace Safety Guide

The EDS Workplace Safety Guide defines health and safety responsibilities (and accountabilities) for leaders and employees. We operate in a manner that recognizes each country is subject to its own individual legislation, which is enacted and enforced at that level.

2005 Audit Results

Results of a recent internal audit showed that EDS sites are managed well in regard to health and safety and that our systems and processes are effective and well-managed. In summary, EDS strives to meet and/or exceed all health, safety and welfare requirements on a global basis.

Employee Communications

Effective communications are vital to everything we do at EDS, including meeting the needs of our employees, clients and other stakeholders. Our open environment encourages two-way communications between leaders and employees to foster understanding of our company's strategy and improve business performance.

With our global employee population and client base, EDS recognizes the need for a variety of communications channels to connect with our teams in the field – many of them working on client sites. EDS emphasizes leader-led engagement with employees, supported by Web-based, e-mail and multimedia communications.

Our major regions and business segments use similar channels. This enables news and information to be localized and communicated in multiple languages. Today, approximately 85 percent of employees are connected to EDS' intranet, and 80 percent are connected by a single e-mail system. Most exceptions are those employees working on stand-alone, secured computer and e-mail systems or at client locations.

Communications Philosophy

Internal and external survey results continue to reinforce employees' preference to receive news and information affecting them directly from their immediate leader. Our leaders use a broad range of resources and approaches to communicate with their organizations. We regularly measure the effectiveness of our communications through our annual Voice of the Employee Survey and other feedback mechanisms.

Leaders to Employees

Leaders at every level of EDS regularly communicate with employees using formal and informal techniques. Common methods include town hall meetings, small gatherings and e-mails.

EDS' senior executives communicate regularly with employees in a variety of ways on important topics such as corporate strategy, financial performance and major human resources issues. In addition to e-mail messages, town hall meetings and informal sessions, more formal channels are used to provide direction and obtain feedback. Formal channels include internal news and perspective stories and face-to-face opportunities. Other senior leaders use similar techniques to communicate regularly with their employees.

In 2005, EDS expanded its Global Broadcast Network capabilities to include additional outlets and online access. EDS also continued its highly successful *By Request* television program, which uses a question-and-answer format to enable employees to ask questions and receive immediate responses from senior executives.

Additionally, EDS Global Communications manages multiple channels that provide messages and tools supporting leader-led communications, including the Leaders Online Web site and an e-newsletter called *Abbreviations* for *Leaders*.

Stakeholder Engagement Group Engagement process Employees Weekly Abbreviations e-mail newsletter and Abbreviations for Leaders infoCentre intranet Live and desktop Global Broadcast Network broadcasts Voice of the Employee Survey Open Door Policy Roundtables, team meetings and town halls Executive broadcasts and e-mails Various employee support groups

Employees to Leaders

Because two-way communication is essential in a services business, EDS provides numerous outlets for employees to share their thoughts and opinions with leaders. Senior executives have e-mail centers that enable employees to send e-mail questions directly to executives and receive timely responses. EDS' infoCentre intranet, with its constantly updated corporate news and message boards, enables employees and leaders to give immediate feedback on content.

EDS' Voice of the Employee Survey is another way employees anonymously share their thoughts with EDS leaders, and senior leaders regularly discuss survey results with the EDS Board of Directors. EDS annually conducts a global census survey to gather feedback from all employees. Additionally, quarterly surveys are conducted to collect employee perceptions from a global sample of employees for trending purposes. Leaders use survey results to fine-tune programs, and, where necessary, create and implement action plans to maintain a productive and satisfying work environment.

More formal communications processes, such as EDS' Open Door Policy, encourage employees to share ideas and concerns, seek guidance and advice, or report known or suspected business abuse. As a complement to the Open Door Policy, EDS has created the Office of Ethics and Compliance. This office provides employees with a place to report "business abuse" — any illegal, unethical or irresponsible act that may cause harm or loss to EDS, our employees or our clients.



» SECTION 3 «

CREATING A WORLD OF OPPORTUNITY ... IN OUR COMMUNITIES

Sharing a wealth of resources

EDS employees around the world have a reputation for making a difference. Whether it's volunteering at a neighborhood school or making donations for people across the globe, EDS and its employees are there for those in need.

As part of our corporate citizenship, EDS makes contributions to nonprofit organizations through its corporate contributions of cash and in-kind donations, as well as from the EDS Foundation. Since becoming an independent company in 1996, EDS has donated more than \$68.9 million to nonprofits and neighborhood schools around the world.

But our commitment to the community goes beyond monetary donations. EDS employees also give their time and talent, contributing thousands of hours every year, with more than 78,000 volunteer hours in 2005 alone.

EDS' community affairs activities center on educational initiatives, applying technological know-how and empowering employees to get involved in their communities. We support these initiatives by encouraging employee volunteerism, making contributions to nonprofit organizations and sponsoring events.

Giving back to the community is just one more way our employees demonstrate their commitment to EDS and the world around them.

"Giving back to the community speaks to the character of our people and our company. EDS volunteers have improved – and will continue to improve – the lives of thousands around the world."

Michael Jordan EDS Chairman and CEO

Stakeholder Engagement

Group	Engagement process
Communities	eds.com/about/community
	Strong relationships with educators and educational institutions and programs worldwide
	Global Volunteer Day
	EDS Foundation for philanthropic efforts
	Various employee support groups

Education Outreach

EDS Education Outreach enhances the lives of many thousands of students around the world. It enables EDS to improve the quality of education through voluntary, hands-on employee involvement and by using state-of-the-art technology to foster a joy of learning and discovery. The goal of Education Outreach is to help our young generation become productive, contributing members of society.

EDS maintains global business/education partnerships with more than 100 schools. Through this award-winning program, along with the Junior Achievement program, EDS employees lead mentoring, tutoring, reading and job shadowing programs. The program knows no barriers and touches children of all economic, social and geographic backgrounds.

At the heart of these programs are thousands of EDS employee-volunteers. Our dedicated men and women commit an average of four hours a month during the business day to the partnership effort.

EDS JASON Project

Dr. Robert Ballard, renowned oceanographer, longed to share the thrilling sense of excitement he felt when he discovered the *Titanic*. He vowed to share these experiences with students to ignite the same passion for discovery. He has accomplished this through The JASON Project, an educational organization that engages 1 million middle-school

According to U.S. labor statistics, one volunteer hour is worth \$17.32, which equates to more than \$1.3 million in volunteer time for 2005.

students in scientific exploration through multimedia curriculum. JASON is now a nonprofit subsidiary of the National Geographic Society.

EDS has sponsored The JASON Project for 17 years, providing the technology that enables students around the world to experience JASON firsthand. Our use of technology to connect students with real scientists is virtually unique in education. Using the Internet to deliver JASON greatly expanded the opportunity for millions of students to be involved. This multimedia curriculum creates the feeling of actually interacting with the scientists, as if the students were with them in the same room.

EDS continues to provide national funding, board leadership, technology and technical consulting, graphic design, public relations and government relations, and employee volunteer support.

EDS Technology Grants

EDS recognizes that future innovation depends on a new generation of engineers. That's why we created the EDS Technology Grant Program – to provide more than 100 technology grants per year to elementary and secondary schools around the world for the purchase of technology products and services.

Our goal is to enable students to effectively use IT and develop marketable skills for the future. EDS encourages teachers and school librarians to propose innovative classroom projects, and to demonstrate how the requested technology will improve their students' ability to achieve curriculum objectives.

Since the program's inception, EDS has awarded more than \$1.7 million in grants to pay for technology products, training and services.

Technology Grants Open Doors to Learning

In 2005, EDS awarded more than 100 grants that will benefit 15,000 students through projects such as these:

- Greenfield School in Edmonton, Alberta,
 Canada The grant enabled the school to purchase software for grades K-2 for gathering, sorting, organizing and summarizing information. The grant also provided e-mail accounts in the classroom for the elementary students. This enabled the teacher to introduce technology and provide the students with tools to enhance their cross-curricular learning.
- Stanah Primary School in Thornton, United Kingdom – This school created a mini-recording studio to complement a new music room, incorporating IT within the subject of music. Children will record compositions in digital format and then modify and manipulate them using technology.
- Richmond Elementary School, Vermont, United States – This award, which was presented by Lieutenant Governor Brian Dubie, enabled the school to purchase an electronic white board (Smart Board) that helps students who have difficulty learning in traditional ways become readers and writers. This technology supports early literacy for students with poor short-term memory, lack of fine motor skills, low language scores and short attention spans.

Employee Involvement

EDS Global Volunteer Day

Good corporate citizenship is a key value at EDS, and our employees practice this philosophy in the community on our annual Global Volunteer Day. An EDS initiative since 1993, Global Volunteer Day is observed each October, with EDS employees around the world collectively donating thousands of hours for their own communities.

EDS employees unite to contribute time and talent to a wide range of local projects. Since the program's inception, EDS colleagues have worked in nearly 4,200 community projects, contributed more than 540,000 hours and touched the lives of more than 1 billion people in 32 countries.

In 2005, 11,000 EDS volunteers donated 44,500 hours during 275 community projects in 27 countries and 34 U.S. states.

The Global Volunteer Day projects are as diverse as the individuals who participate. From building ponds and planting flower beds to preparing and serving meals to pouring foundations and painting fences, our volunteers are making a difference around the world. The word is spreading. Other large, multinational corporations consult with EDS to learn about our success formula, which we've been happy to share. And that's what EDS' Global Volunteer Day is all about.

Global Volunteer Day Team Excellence Award

In 2005, EDS created the Global Volunteer Day Team Award and issued \$1,000 grants to the top 15 teams around the world. We received 49 applications from 10 countries and are proud to showcase three of the 15 winning teams here:

- Nashville, Tennessee Volunteers from four EDS accounts in the mid-Tennessee area donated more than 280 hours to the Feed the Children project.

 Team members packed 4,800 boxes (each box helps a family of four), loaded 70 pallets of food and 50 pallets of personal care products into six tractor trailers, making it possible to feed 11,200 people.
- Bangkok, Thailand More than 160 EDS volunteers gave 570 hours to the Bag Pu Seaside
 Recreation Centre project, where they planted 380 new trees to protect the city from sudden floods.
 This team also collected 50 bags of trash, making a cleaner seaside environment for many varieties of birds and fish.

• Lytham St. Annes, England – Thirty-six EDS volunteers donated 250 hours to the Turbary Woods Owl and Bird of Prey Centre project. The volunteers assisted in increasing the centre's capacity to take in sick and injured owls and birds of prey by clearing areas and building a new holding shed. Their efforts ensured that the centre will fulfill the assessment to obtain a zoo approval license.

Sponsorships

Community affairs activities strengthen EDS by building relationships, supporting diversity and promoting positive employee morale. The following programs promote charitable giving and volunteerism by EDS and our employees.

EDS Byron Nelson Championship

EDS is proud to contribute to the success of the EDS Byron Nelson Championship and its leadership as the Professional Golfer's Association (PGA) TOUR's largest charitable contributor. The sole beneficiary of proceeds from the EDS Byron Nelson Championship is the Salesmanship Club Youth and Family Centers, a nonprofit organization dedicated to enriching the quality of life for children and their families through education and mental health services.



2005 EDS Byron Nelson Championship winner Ted Purdy and golf legend Byron Nelson

The 2005 PGA TOUR event raised \$6.1 million. Since 1973, the Championship has raised more than \$81 million for charity, more than any other PGA TOUR event. In addition, more than 300 EDS volunteers help staff the Championship each year.

Susan G. Komen Breast Cancer Foundation

In 2005, EDS employees supported the Komen Race for the Cure® through contributions, fund-raising events, walking teams, volunteer hours and technology in these cities:

- · Boise, Idaho
- · Detroit, Michigan
- · Kansas City, Missouri
- · Raleigh, North Carolina
- · Oklahoma City, Oklahoma
- · Dallas, Texas
- Plano, Texas
- Herndon, Virginia (Washington, D.C.)

EDS donated more than \$600,000 in cash and in-kind contributions to support the various events in 2005. We also provide Web design and hosting for select races and local Komen affiliates.



Seventy-five percent of the net proceeds from each race stay in the local community to support breast cancer education, screening and treatment. The other 25 percent goes to the National Foundation for research grants.

For the fourth year in a row, EDS received the award for the largest team in the 2005 Komen North Texas Race for the Cure. We also received the "Corporate Volunteer of the Year Award for Large Business" at the annual Collin County Volunteer of the Year Awards ceremony for our support of the 2005 Komen North Texas Race for the Cure. For the past eight years, EDS employees in our Herndon, Virginia, office supported the National Susan G. Komen Race for the Cure in Washington, D.C.

Philanthropy

EDS Corporate Giving

In 2005, EDS' cash and in-kind donations totaled \$7.6 million, benefiting various nonprofit organizations.

EDS Foundation

The EDS Foundation was created to support nonprofit organizations involved in education, technology needs, arts and culture, and health and human services. Funding in the amount of \$620,736 was approved for 24 nonprofit organizations in nine U.S. states and Canada. The Foundation has awarded \$3.2 million in grants since it was established in 2000.

Foundation grants approved in 2005			
Category Distribution	%	Amount	
Arts and culture	12	\$ 74,488	
Health and human services	11	\$ 68,281	
Technology solutions	33	\$204,843	
General education	44	\$273,124	
Total	100	\$620,736	

United Way Campaign

EDS employees have a giving spirit and have demonstrated it by giving generously to the United Way for more than 30 years. In 2005, EDS and its employees pledged more than \$1.8 million in support of the United Way and its agencies worldwide, making a substantial difference to community operations sustained through voluntary contributions.

Disaster Relief

EDS employee donations to the Red Cross hurricane Katrina and Indian monsoon relief funds have topped \$1 million. EDS established an online pledging system for employees on August 31, kicking off the program by donating \$100,000 to the Red Cross. At the conclusion of the campaign, EDS matched employee contributions, donating another \$1 million.

We will continue to develop our processes, practices and resources for implementing responsible environmental policies, objectives and efforts.

In addition to financial contributions, EDS and its employees around the world also donated resources, time and talent to help with the disaster relief efforts. Here is a summary of ways EDS and its employees reached out to help:

- Tsunami relief EDS and its employees contributed money, resources, time and talent to help those affected by this disaster that struck in December 2004. In January 2005, the company and employees donated \$3.2 million to relief efforts.
- Hurricanes and floods EDS and its employees came together to contribute money, resources, time and their skills to help those affected by hurricanes Katrina and Rita, as well as the monsoon floods in India. Together, we contributed \$2.1 million in cash donations.
- Earthquake in South Asia EDS donated \$65,000 to earthquake relief and other resources to assist in this disaster area.
- Regional activities EDS employees actively support many other nonprofit agencies, including March of Dimes, Boys and Girls Clubs, Special Olympics, American Heart Association, and the Juvenile Diabetes Research Foundation, to name a few.

Awards

EDS volunteers have accomplished impressive goals and made permanent, positive changes in many people's lives. Their efforts have been recognized with the following awards:

 Director's Award for Service – Presented to the EDS GVD team in Ottawa, Canada, which also was designated the Leading Member in financial support

- President's 2005 Volunteer Service Award for Excellence in Service – Presented to the EDS team in Allentown, Pennsylvania, for their continued support of the Children's Home of Easton, Pennsylvania, over the past five years
- Dove Award for ARC of Oakland County –
 Presented to the EDS team in Troy, Michigan, for
 their continued support of New Horizons for the
 past five years

EDS and the Environment

As a technology services company delivering business solutions to our clients, EDS is not a manufacturer, user or carrier of potentially hazardous materials on any significant scale. The company does not have considerable impact on air quality, water quality or habitat change. EDS does, however, take its environmental responsibility seriously.

Our global operations comply with local laws and codes governing environmental matters. We will continue to develop our processes, practices and resources for implementing responsible environmental policies, objectives and efforts.

EDS' 2005 Environmental Initiatives summarize our environmental performance. These initiatives have been implemented at most of our facilities, but may not yet be present at every EDS location around the globe.

EDS 2005 Environmental Initiatives

EDS Initiative	Environmental Benefit
A global office space consolidation program has been implemented to reduce the amount of vacant office space.	Uses resources more efficiently
Coffee cups are not provided in common-area coffee stations; employees provide their own reusable cups.	Reduces the amount of disposable waste and the amount of paper/plastic consumption
Copiers and printers have been consolidated into more centrally located areas and feature printer/copier/scanner capabilities.	Saves on paper, toner and energy through more efficient use; makes it easier to track paper consumption
The landscaping program for the headquarters facility requires the recycling of green waste.	Reduces the amount of landfill waste; eliminates use of other nonrenewable cover materials
EDS encourages using "native" plants that have immunity to certain diseases and common insects.	Reduces pesticide and herbicide use; makes the green waste more desirable for recycling; and is friendlier to the ground water and ecosystems
The purchase of "green" cleaning products is encouraged at all facilities.	Minimizes the purchase and use of products that are harmful to the environment
Procurement requirements have been established for paints and solvents that meet the clean air standards for volatile organic compounds.	Improves local air quality through reduced air emissions of certain organic compounds
Lighting fixtures are being upgraded over time to more energy-efficient fixtures.	Reduces energy consumption
Motion and infrared sensors for lighting circuits are installed at some locations in copy rooms, conference rooms and other common areas.	Enables electricity in these areas to be used on an as- needed basis; reduces energy consumption
Fixed temperature controls have been established for facility heating and cooling.	Promotes energy efficiency/conservation by avoiding over-heating or over-cooling
A refrigerant management program closely monitors equipment containing refrigerant chemicals that are known to be ozone depleting.	Detects coolant leaks and keeps refrigerant material from venting to the atmosphere during maintenance and operation activities
The amount of chlorofluorocarbons or CFC refrigerant material is gradually being replaced by HFC (ozone-friendly) refrigerants.	Reduces the potential of ozone-damaging CFC refriger- ant leaks
Carpools are encouraged, and van pools are provided in certain locations; some employees have the option of working from home.	Reduces commuter traffic and the amount of fuel consumed, and improves local air quality
EDS uses approximately 240 million gallons of irrigation water a year from local creeks in lieu of the city of Plano's domestic water.	Conserves on water, especially during the water-rationing months; conserves energy because water doesn't have to be treated before it is used
Low-flow fixtures have been installed in the toilets and showers in some facilities.	Reduces water consumption

Resource Management

EDS promotes health, safety and environmental awareness throughout our organization and maintains a safe and healthy work environment for our employees, our clients and the general public. We use a number of processes to comply with applicable environmental laws and to ensure the proper documentation is submitted to regulatory authorities. Additionally, we participate in a variety of voluntary practices, including recycling, energy-efficient facilities and harmonious landscaping. Specific programs and practices are included in the EDS 2005 Environmental Initiatives chart above.



» SECTION 4 «

CREATING A WORLD OF OPPORTUNITY ... FOR OUR CLIENTS

Consistently exceeding our clients' expectations

At EDS, our goal is to help companies and governments do what they do best, but do it better. We strive to increase our clients' competitiveness by enhancing their ability to respond to increasing competition and to build new revenue streams. In short, we help our clients create and take advantage of opportunity.

Our winning culture is based on our employees' commitment to not just meet but exceed our clients' expectations. This commitment to go beyond what is required and to deliver more has long been recognized as part of the culture of EDS and the character of its people.

"What we are providing to clients, most of the time, is the backbone of their operations. If we don't keep them up 100 percent of the time, they can't generate revenue in many cases."

Ron Rittenmeyer EDS Chief Operating Officer

As of December 31, 2005, 92 percent of EDS clients rated our overall performance as good or excellent.

Global Service Delivery

The Global Service Delivery organization provides consistency and excellence to our clients by reducing variability and achieving speed, agility and cost leadership. This group enables EDS to deliver consistently high-quality service in a cost-effective and responsive fashion by taking advantage of scale, as well as best practices, tools and processes.

By integrating and managing the delivery of EDS' services on a global basis, we have been able to bring the company's capabilities together. Now, Applications Services, Business Process Outsourcing (BPO) Services and Information Technology Outsourcing (ITO) Services are all part of the Global Service Delivery organization:

- Applications Services ensures all applications resources deliver contractually for clients, providing a high level of service excellence, profitable growth and continuous improvement.
- BPO Services delivery provides the full value of BPO to clients through an end-to-end delivery model for multiple industries across the globe. It delivers BPO services on time, on budget and on expectation.
- ITO Services provides premier services across a global delivery organization and obtains the highest level of excellence. It efficiently manages an operations infrastructure and client applications through service management centers and data processing production facilities.

Service Excellence Program

Delivering excellent service is EDS' primary differentiator in the IT marketplace. Our Service Excellence Program underpins our service quality and client relationships.

Our objectives are simple: 100 percent client satisfaction and 100 percent client retention. As of December 31, 2005, 92 percent of EDS clients rated our overall performance as good or excellent.

Our innovative service excellence approach embraces open, candid and collaborative relationships with our clients. These two words – service excellence – are part of the vocabulary and culture of the entire company.

Service Excellence Dashboard

The Service Excellence Dashboard is the centerpiece of EDS' Service Excellence Program. We use this Webenabled, real-time information system to ensure the quality of services we deliver to our clients is known at all times – even at the highest levels of the corporation. Our red-yellow-green "stoplight" scoring is simple to understand and consistently used across the globe.

By using a private, customized view of the dashboard – the Service Excellence Client Dashboard – clients can check on their status and provide real-time feedback to EDS support teams directly from their desktops. Our clients also can initiate a survey process whenever they wish and invite participants they think deserve a vote on EDS' performance rating. Although some IT services providers might shy away from this degree of openness, we find it a powerfully effective method of understanding the needs of the clients and ensuring we act accordingly.

Voice of the Client Program

Another component of our Service Excellence Program is the Service Excellence Voice of the Client Program. This program enables EDS to capture client perceptions and expectations regarding EDS' people, products and services in one-on-one interviews and through real-time surveys.

Group	Engagement process
огоир	Engagement process
Clients	Service Excellence Dashboard: Web-based tool used to nurture, monitor and develop client relationships
	Annual Progress Reports
	Academic relationships for R&D and education
	External Web sites, extranet and Web applications

Innovation and Insights

In business, it's a given fact that innovation drives value creation, which leads to profitable growth. But innovation itself is never a given. Innovation requires a commitment to fundamental research, a culture that encourages risk-taking and a free flow of ideas. EDS has a long heritage of encouraging collaboration among the world's best and brightest technology and business experts. Today, with our alliance partners, we put the combined weight of an estimated \$12 billion in annual research and development to work for our clients.

EDS Fellows Program

The EDS Fellow title is a distinguished designation given to EDS employees who are leading industry and subject-matter experts. These innovative thought leaders are top performers with the proven ability to convert their outstanding knowledge into business solutions for EDS and its clients. They encourage creativity and innovation, identify sponsors for new ideas, enhance the company's external image, and promote companywide networking for innovation and thought leadership.

The 31 EDS Fellows average 24 years of experience in industry and in technology implementations. In total, they hold six doctorates, seven master of business administration degrees and 12 master's degrees.

Technical Excellence Program

The Technical Excellence Program (TEP) seeks to develop EDS employees in technologies, business methods, standard processes, technology strategy and culture aligned to business goals. The goal of the program is to provide our

global technical population all the skills required to drive EDS' technical delivery capability in support of the EDS Multi-Year Plan and the Agile Enterprise Platform.

The program consists of technical Skill Enhancement Fast Tracks (SEFT) aligned with EDS' Multi-Year Plan and a two-week, instructor-led TEP Immersion Workshop. This workshop teaches EDS organization and culture, technology strategy, and business acumen. The SEFT offer 75 IT certification development paths in 13 key technologies. A blended-learning instructional delivery approach incorporates instructor-led classes, Web-based courses, virtual labs, coaching and mentoring, and online reference materials.

The curriculum development was led by a joint steering committee comprising the most innovative thought leaders at EDS, including the EDS Fellows, senior delivery leaders and technical experts. The outcome is a well-rounded employee with a specialty in technology, who also understands general business and the reasons behind business decisions.

The Technical Excellence Program has been extremely successful, with more than 1,500 individuals completing the TEP Immersion Workshop. More than 27,000 technical professionals are currently participating in the SEFT technical development paths, and more than 104,000 technical courses have been completed since the program began.

By the end of 2006, we expect to have almost 200 Top Guns deployed globally throughout EDS.

Top Gun Program

The Top Gun program is a unique and intensive threemonth development experience for EDS' top technical talent, providing total immersion into the technology and culture of our EDS Agility Alliance partners. In 2005, 35 EDS employees completed the program, and 100 more will participate this year. Here are the program objectives:

- Accelerate development of the EDS Multi-Year Plan road map and fuel the concept-to-offering process.
- Provide a unique level of alliance partner interaction through applied innovation projects that are aligned with EDS' technical direction.
- Support account growth opportunities by developing emerging technologies that provide real business value.

Launched in 2003 at EDS' Redmond Innovation Centre, with an initial focus on Microsoft technologies, the program was expanded in 2005 to include EDS' Silicon Valley Innovation Centre, which focuses on EMC, Cisco Systems, Oracle, Siebel and Sun Microsystems technology.

These innovation centres represent an important differentiator for EDS because of the level of interaction with technical thought leaders and focus on real-world technology.

By the end of 2006, we expect to have almost 200 Top Guns deployed globally throughout EDS.

Academic Relationships

EDS is on the cutting edge of research through its alliances with many colleges and universities around the world. We work with these institutions on research and development, as well as educational opportunities. Strong relationships between industry and academia continue to promote the development of new ideas and solutions that ultimately benefit EDS and its clients.

EDS' Summer Intern Program increases our ability to recruit top college and university students for full-time jobs after they graduate. The program also strengthens our relationships on campuses, increases awareness about EDS and provides valuable work experience for the interns. Interns participate in a three-day orientation upon their arrival for the eight-week summer session. Each is assigned a mentor other than his or her manager. In addition, intern teams participate in a case-study competition and hold mock interviews with EDS executives.

Industry Analyst Ratings

EDS leadership ratings – issued by tier-one industry analyst firms – reflect the growing recognition of EDS' Multi-Year Plan to stabilize, fix and grow our services and offerings. In 2005, EDS was recognized for its leadership in several areas:

- Data Center Outsourcing in Western Europe Magic Quadrant (Gartner, March 2005)
- Health Care Claims Platform Wave (Forrester Research, March 2005)
- Storage Services Magic Quadrant (Gartner, May 2005)
- Data Center Outsourcing Magic Quadrant (Gartner, June 2005)
- Multichannel Contact Center Outsourcing (Forrester Research, December 2005)
- Global Delivery Infrastructure Management (Forrester Research, December 2005)

EDS receives "leader" ranking by Forrester Research in two recent independent reports

Global Delivery Infrastructure Management, Q4 2005 Report

Forrester Research evaluated EDS' current offering and strategy for global delivery infrastructure management against 28 criteria, grouped into three high-level areas: current offering, strategy and market presence. EDS was selected as a "leader" based on its proven success in each of these areas.

The analyst group stated that EDS was "an especially good fit for buyers that are looking for a global footprint," as well as "an outsourcer with process, security and asset transfer capabilities." EDS was also recognized as a leader for having "the network, resources and locations to outsource global IT shared services organizations."

Multichannel Contact Center Outsourcer, Q4 2005 Report

EDS was among the select companies Forrester Research invited to participate in its Multichannel Contact Center Outsourcer, Q4 2005 Report. In this evaluation, EDS' multichannel contact centers were measured against 47 criteria grouped into three high-level areas: current offering, strategy and market presence. EDS was selected as a "leader" based on its proven success in each of these areas.

"[EDS] offers proven extensive experience supporting its customers' requirements across a broad range of business process and technology outsourcing," said Forrester Research analysts. They also said that EDS "has extensive experience as a global systems integrator and offers customers a broad range of services." EDS was also recognized for its "strong growth in the multichannel contact center outsourcing market, adding 146 new customers in 2004 and another 76 in the first eight months of 2005."



» SECTION 5 «

CREATING A WORLD OF OPPORTUNITY ... FOR OUR PARTNERS

Delivering business agility to our clients

Companies around the world are striving to increase revenues, improve business processes and address growing regulatory and security concerns – and are looking to their technology investments to help achieve these goals. But to fully optimize the potential of their IT resources, companies need an improved, agile state.

That's why we are partnering with the world's leading technology companies to form the EDS Agility Alliance. We have combined the brainpower, innovation and collective market reach of our partners to create a new business model. Together, we are developing the EDS Agile Enterprise Platform, a flexible and scalable infrastructure designed to close the gap between the speed of business and the speed of technology.

At EDS, we realize that understanding business trends is not enough. To create opportunity in an increasingly complex business environment, we are delivering the services that meet our clients' business challenges head on. Together with our Agility Alliance partners, we are combining the best thinking and the best services – to deliver the most value to our clients.

"EDS is on a mission to help clients become more agile.
With our EDS Agility Alliance partners, we are providing clients with the insight, flexible technology and collaboration needed to anticipate and respond to business change."

Charlie Feld
EDS Executive Vice President, Portfolio Development

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EDS Agility Alliance



















EDS Agility Alliance

A year ago, a federation of global market leaders teamed up to create the EDS Agility Alliance. The alliance is a unique partnership of global market leaders – Cisco Systems, Dell, EMC, Microsoft, Oracle, SAP, Sun Microsystems, Towers Perrin and Xerox – working on behalf of our clients.

This collection of the world's leading infrastructure, application and business process providers is developing EDS' Agile Enterprise Platform. Our combined innovation assures mutual customers that our next-generation delivery platform will maximize business performance, minimize costs and mitigate risks.

2005 Successes

The EDS Agility Alliance has produced significant business results since its formation:

- In 2005, the EDS Agility Alliance partners contributed to more than 178 EDS wins, including 51 new client wins.
- EDS opened EDS Agility Alliance Development
 Centers in Plano, Texas, and Auburn Hills, Michigan,
 to enable joint expansion of the EDS Agile Enterprise
 Platform. The development centers are dedicated
 to providing a collaborative environment with more
 than 250 embedded partner employees on-site,
 developing and delivering components of the EDS
 Agile Enterprise Platform.
- EDS Agility Alliance partners collaborated to develop more than one-third of the offerings in the EDS portfolio. EDS is building solutions around its partners' technologies, and they are adapting their offerings to EDS' service delivery methodology.

 EDS Agility Alliance launches were completed in all global regions, including the Americas, Asia, Australia and New Zealand, and EMEA (Europe, Middle East and Africa). There were specific in-country launches in Argentina, Australia, Brazil, Canada, Chile, France, Germany, Hong Kong, Italy, Japan, Malaysia, the Netherlands, New Zealand, Singapore, Spain, Sweden, the United Kingdom and the United States.

An Effective Alliance

For industry analyst group IDC, the test of an effective alliance is its demonstrable ability to provide real customer value by creating distinctive capabilities that span individual technology, solution and services providers.

"The EDS Agility Alliance represents the best spirit of collaboration by industry-leading companies to provide real value to their shared customers through joint strategy and investment," said Bob Welch, group vice president and general manager of Worldwide Services for IDC.

"By supporting the EDS Agility Alliance, we are not limiting choice, but rather creating interoperability and growth for our clients," said Scott McNealy, chairman of Sun Microsystems, Inc. "Multilateral agreements between companies such as EDS and Sun take us forward in a profound way. The IT world will mature as we continue to work together."

synnovation

The EDS Agility Alliance has combined forces in a whole new way, publishing a quarterly journal – *synnovation* – specifically written for C-level enterprise leaders. This thought leadership publication integrates the intellectual capital of the some of the world's top technology and business process providers. *synnovation* captures and presents original intellectual capital, collaborative insights and fresh perspectives on the trends and issues that affect enterprises and shape the outlook of their industries.



Top Technology and Business Process Providers Share Insights and Perspectives

In 2006, EDS began publishing *synnovation*, a quarterly publication presenting compelling thought leadership in technology and business to help clients make more informed decisions for their enterprises' futures.

"A lot of companies have magazines through which they promote products and services," said Michael Jordan, EDS chairman and CEO. "But this is the first publication of its kind to bring together the synergy and innovation of the top technology and business process providers — under one magazine cover."

"Our goal is to create a single source of powerful, compelling thought leadership to give readers a flavor of how we got where we are today, and how collectively we're catapulting into a new age," said Charlie Feld, EDS executive vice president and editor in chief of synnovation.

Each quarterly issue centers on a theme, with articles pertaining to key business problems and their related solutions. The January issue took a look at "Old Tools in New Times," focusing on business and technology services reaching middle-age and how enterprises can gear up for growth. The May issue focused on the irreversible trend toward globalization. Articles presented include "Leaving Your Legacy" and "Getting Smart About Document Management."

Subscriptions are available free of charge to executives of EDS Agility Alliance clients and potential clients.



» SECTION 6 «

CREATING A WORLD OF OPPORTUNITY ... FOR OUR SUPPLIERS

Forming strong relationships with the best

At EDS, we take our supplier relationships seriously. We realize our suppliers can help us reduce costs, increase efficiency and better meet our clients' needs. That's why our goal is to create opportunities that benefit all parties – our suppliers, clients and EDS.

We accomplish this by selecting suppliers whose skills, client relationships and capabilities match or complement ours. And we go a step beyond. EDS' award-winning mentoring and supplier diversity programs help us realize the potential in all of our supplier relationships.

Through our commitment to forming strong relationships, we are attracting best-in-class suppliers who, in turn, provide best-in-class goods and services to our clients.

"2006 is going to be a very exciting year for Supply Chain Management at EDS. We have made significant progress in aligning our goals with those of our stakeholders and are working with them to create measurable value."

Frank Boyer
EDS Vice President and Chief Supply Officer

Stakeholder Engagement

Group	Engagement process
Suppliers	Supplier Excellence Dashboard: online tool used to integrate and measure supplier performance Supplier Diversity Program Mentoring

Supply Chain Management

EDS Supply Chain Management is accountable for managing the flow of goods, funds and information through EDS' supply chain. This includes managing supplier relationships, the processes EDS follows to procure goods and services, and how EDS tracks and disposes of assets. The Supply Chain Management team is focused on delivering value to EDS and its clients by leveraging contracts with a select group of suppliers and by using a robust, competitive bidding process.

Supplier Excellence Dashboard

The EDS Supplier Excellence Dashboard is an online tool that extends the company's industry-leading emphasis on client service to its suppliers. The dashboard highlights EDS' innovation in, and commitment to, measuring performance and monitoring client satisfaction. Information from the dashboard enables EDS to leverage relationships throughout its supply chain network. It also empowers key suppliers to analyze, diagnose and promptly resolve issues affecting service performance to EDS clients.

By measuring our suppliers' performance over time, we are able to better negotiate agreements and develop optimal procurement strategies. The objective is to build a more strategic set of suppliers and alliances that enables EDS to better support clients through new and creative service offerings or to pursue opportunities with our alliance partners.

EDS Supply Chain Services

Supply Management Services

EDS' Supply Management Services can transform a client's procurement and supply chain function. Specifically, we work on a client's behalf to manage a process and systems transformation and then operate the client's procurement department in several key areas:

- Strategic sourcing A disciplined process of analysis, negotiation and selection of suppliers to obtain best-case pricing
- Procurement transformation Taking a holistic, project-based view of procurement to realign strategies, reengineer processes, and enable costs savings and productivity through technology
- Category/supplier management Day-to-day administration of supplier relations, category benchmarking and spend category strategy
- Process management Day-to-day administration of the purchase order process and associated tactical processes
- Industry-specific category solutions A process and technology solution addressing industry-specific requirements within a specific category to source, buy and pay for the goods and services in that category
- Web enablement and integration Performing spot and ongoing technical maintenance and developing of procurement systems

Internally, our brokering services organization uses these same methods for disposing of EDS equipment – a total of 66,783 items in 2005.

- Supplier enablement Working hand-in-hand with a supplier to automate purchase activities with that supplier
- Catalog management Developing and maintaining an electronic catalog of goods and services that feeds into the purchase order process

Our focus is on a client's indirect spend (spend on products not considered part of the client's finished goods or core business). The number of indirect categories outsourced varies by client.

IT Equipment Disposal

EDS provides IT equipment disposal to help our clients manage the retirement and end-of-life of hardware such as PCs, laptops, servers, monitors and printers. Service options include remarketing, disposal, redeployment, charitable donations, and end-of-lease management and return. This is what EDS provides:

- Environmentally responsible, global end-of-life services
- Clear chain of custody (including accurate financial reporting of assets, automated and auditable data security, and a waiver of liability for disposed equipment)
- Flexible solutions both standard and customized
- · Turnkey options
- · Virtual global help desk support
- Customized Web-based link to clients' online reporting tools

Internally, our brokering services organization uses these same methods for disposing of EDS equipment – a total of 66,783 items in 2005.

Complete Disposal Compliance

Companies must comply with a wide range of environmental and security regulations to properly dispose of PCs and sanitize confidential data on hard drives.

EDS helps our clients with the following local, federal, international and regional regulations, which can present risks associated with electronic scrap disposal:

- United States
 - Federal Resource Conservation and Recovery Act (RCRA)
 - Health Insurance Portability and Accountability Act (HIPAA) of 1996
 - Gramm-Leach-Bliley Act (GLBA)
 - Resource Conservation & Recovery Act (Superfund)
 - Sarbanes-Oxley
- · European Union
 - Waste Electrical and Electronics Equipment Directive (WEEE)
 - Recycling regulations ISO 9001, ISO 14001, ISO 17799
 - Restriction of Hazardous Substances (RoHS) directives and waste management (duty of care) regulations
- Canada
 - Royal Canadian Mounted Police (RCMP)
 Technical Security Standard for Information
 Technology (TSSIT)
 - Canadian Environmental Protection Act (CEPA) – as dictated by various levels of Canadian government
 - Canada privacy act (PIPEDA) and related provincial statutes regarding data protection and control
- Mexico
 - Federal Ministry for Environmental Protection (PROFEPA)

Mentoring Programs

EDS assists suppliers in sharpening their business skills. By participating in various mentoring programs, we help minority- and women-owned and small business enterprises compete more effectively in the marketplace. Our internal mentoring program offers developmental support that enables these business enterprises to become more competitive suppliers, enhancing service, quality and delivery.

Our support extends to a variety of areas: developing business, marketing and/or strategic plans; improving the firm's infrastructure; proposal and program management training; Web site creation; and developing marketing collateral.

Mentoring Partnerships

EDS also participates in external mentoring programs sponsored by the U.S. Department of Defense, the North Texas Commission, the Dallas/Fort Worth Minority Business Council and the Women's Business Council – Southwest.

As a part of our continued commitment to developing small businesses, EDS is an active participant in the Department of Defense Mentor-Protégé Program and the Department of Treasury Mentor-Protégé Program. EDS' participation in these programs exemplifies the company's commitment to small businesses, not only in rhetoric, but also in practice.

"I am very excited about growing the Mentor-Protégé Program," said Rick Sutton, EDS client care delivery executive. "We are aggressively developing new programs to enhance small business participation within the Mentor Protégé and EDS Federal Small Business programs. We are also expanding our small business service offerings in the areas of technical certifications, business development and other training opportunities."



Making an Impact on Our Marketplace

One of the minority-owned businesses EDS mentors is Software Professionals, Inc. (SPI), a woman-owned IT solutions provider. EDS and SPI connected through the North Texas Commission's Mentor Entrepreneur Program, which is designed to encourage larger companies to mentor smaller women- or minority-owned businesses. The goal of the program is for the mentoring company to nurture professional development, productivity and overall success.

Twelve EDS employees from various project teams within Applications Delivery volunteered to share their project management skills, technical expertise and process improvement knowledge with SPI. The team quickly determined the main focus of the partnership would be helping SPI achieve Capability Maturity Model Integration (CMMI) Level 3. During monthly meetings with the SPI team, EDS provided fundamental knowledge, subject-matter expertise, guidance, advice and examples to help SPI realize what it takes to reach CMMI Level 3.

"This mentoring partnership helped SPI realize what is required from personal and business standpoints to continue to perform at that high quality level," said EDS' Trena Johnson, who led the SPI mentoring team. "This has been an opportunity for us to gain an understanding and respect for SPI and their goals. It reinforced to us the importance and value of process improvement in the marketplace. I am pleased to be part of an initiative that had dedicated volunteers supporting such an important cause – diversity."

Supplier Diversity Program

Doing business with a diverse group of suppliers gives EDS a distinct advantage by enabling us to continually tap into the talents of the best, most innovative companies. Relationships with these suppliers help us enhance our service offerings and better serve our clients.

EDS' Supplier Diversity Program enhances our business partnerships with minority- and women-owned and small businesses in our procurement networks. Tapping into new and diverse suppliers also supports our efforts in building a highly competitive global company.

Purchases from minority- and women-owned businesses comprised approximately 8 percent of EDS' total qualified procurement spending in the United States in 2005. We used these firms to provide technical software development, contract labor, hardware, software, telecommunications equipment and administrative services, among other things.

EDS uses national associations and councils, state and federal government agencies, and local chambers of commerce to gain access to minority- and women-owned and small business enterprises.

Awards

EDS has received numerous accolades for promoting supplier diversity and for mentoring minority- and womenowned businesses and small business enterprises. EDS has also been recognized for its efforts in creating new opportunities for suppliers, particularly minority-owned, women-owned and small businesses.

Here are some of the organizations that have recognized EDS' achievements:

- United States Department of Defense
- Minority Business Development Agency, United States Department of Commerce
- Women's Business Council Southwest
- Minority Business Development Council Dallas/Fort Worth, Texas



Helping Pinnacle Reach the Top

Pinnacle Technical Resources, Inc., a minority-owned supplier that provides EDS with IT outsourcing services in various regions of the world, displayed a raw drive and motivation to succeed during initial business opportunities. Because of this attitude, EDS and Pinnacle began a mentoring relationship to grow the business between the two companies.

"We saw a win-win opportunity in working with CEO Nina Vaca to help build her company," says Gary T. Collier, a leader within the Application Delivery unit's GM Global Program Delivery organization. "EDS promotes having a positive impact on the communities in which we do business. It's all about building relationships and trust."

"Under EDS' tutelage, Pinnacle challenged itself to develop a clear vision for the company, and set on a path to properly plan and take advantage of business opportunities to spur the growth," Vaca said. "We had to set some pretty hard and fast goals."

Because of Pinnacle's ability to deliver topquality service, it recently competed for and won a place on EDS' tier-one supplier list. During the last several years, Pinnacle's business with EDS has grown rapidly. Pinnacle's revenue from its other clients also has increased astronomically, earning Pinnacle a fourth-place ranking on the "Dallas 100" list of fastest-growing companies, a #78 ranking on Inc. 500's list of the nation's top companies and Ernst & Young's 2005 Entrepreneur of the Year Award.



» SECTION 7 «

CREATING A WORLD OF OPPORTUNITY ... FOR OUR SHAREHOLDERS

Building a sustainable company

In 2005, EDS began to see the results of our plan to fix, stabilize and grow the business. Our message to Wall Street analysts and our investors was clear. We have the leadership and business operations to accomplish these goals:

- **Reclaim our leadership position** With the Multi-Year Plan, we have a differentiated strategy and the products, services and alliances to support it.
- **Grow our customer relationships** Our customers value EDS' work, and they believe EDS has the people, capabilities and processes to sustain performance over the life of their contracts.
- Strengthen our financial condition The company's cash-generating capacity is gaining momentum. During 2005, we continued to grow earnings and free cash flow and win new business.

Today, we have a strong balance sheet and a healthy cash position, with the financial flexibility to make significant investments to improve our business. But we've only begun to demonstrate the power behind our technology vision and delivery capabilities. In 2006, EDS will continue to build on our momentum and achieve greater profitability.

"EDS is truly reinventing itself and – we believe – the industry we created. The new EDS will be a more dynamic company, capable of delivering sustained value to its clients and shareholders."

Michael Jordan EDS Chairman and CEO

Corporate Governance

EDS has well-defined structures for guiding and monitoring how we conduct our business to ensure EDS' executives, directors and managers act in the best interest of the organization, its employees and shareholders. These structures help the leaders responsible for steering the future of our organization decide how company assets are used.

Board Responsibilities

The EDS Board of Directors is elected by and accountable to the shareholders and is responsible for the strategic direction, oversight and control of EDS. 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 decision-making and oversight.

Director Independence

An independent director is one who is free from any relationship that would interfere with his or her exercise of independent business judgment. 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. All nonmanagement directors are independent, and no more than two members of management may serve on the board at the same time.

Directors who serve on EDS' Audit Committee also must meet the additional independence standards of the New York Stock Exchange and the SEC applicable to Audit Committee members. Among other things, such directors will receive no compensation from the corporation other than director's fees and will not be affiliates of the corporation or its subsidiaries.

Nomination and Selection of Directors

The board as a whole will be responsible for nominating individuals for election to the board by the shareholders and for filling vacancies on the board that may occur between annual shareholder meetings. The 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 she/he will be able to serve on the board for a sustained period. Due consideration will be given to the board's overall balance of diversity of perspectives, backgrounds and experiences.

The Governance Committee will consider candidates recommended by EDS shareholders who, at the time of the recommendation, beneficially own not less than 1 percent of EDS' outstanding stock. Additional information regarding the director nomination process can be found in the investor relations section of our Web site.

Board Committees

The board has three standing committees to assist it in discharging its responsibilities: the Audit Committee, the Compensation and Benefits Committee, and the Governance Committee. Each committee is composed entirely of independent directors, has a written charter that complies with the requirements of the New York Stock Exchange, and reports regularly to the board on committee meetings and other committee activities.

EDS' Financial Integrity Policy sets forth procedures for the confidential, anonymous submission by company employees of concerns regarding questionable accounting or auditing matters. Nonemployees may submit concerns regarding these matters as provided in the policy for Director Communications.

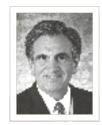
EDS Executive Committee

EDS' leaders are recognized for their Fortune 500 experience and client focus. Their business expertise and industry insight drive EDS' performance.



Michael H. Jordan

Chairman of the Board and
Chief Executive Officer



Charles S. FeldExecutive Vice President
Portfolio Development



Jeffrey M. Heller President



Storrow Gordon

Executive Vice President
General Counsel and
Secretary



Ronald A. Rittenmeyer
Chief Operating Officer



Guillermo G. Marmol
Division Vice President
Planning and Operations
Improvement



Paul W. Currie
Executive Vice President
Corporate Strategy and
Business Development



Tina M. SivinskiExecutive Vice President
Human Resources

EDS Board of Directors

With the exception of two management directors, EDS' Board comprises nonmanagement directors. All of the nonmanagement directors are independent. EDS Board members are listed below:



W. Roy Dunbar
President
Global Technology and
Operations
MasterCard International



Jeffrey M. Heller
President
EDS



Roger A. Enrico
Chairman
DreamWorks Animation
SKG, Inc.



Ray L. Hunt Chairman and CEO Hunt Consolidated, Inc.



S. Malcolm Gillis
Former President
and Current Professor
of Economics
Rice University



Michael H. Jordan Chairman and CEO EDS



Ray J. Groves
Former President, Chairman
and Senior Advisor
Marsh Inc.



Edward A. Kangas Retired Chairman and CEO Deloitte Touche Tohmatsu



Ellen M. Hancock

President and COO

Acquicor Technology Inc.

Former Chairman and CEO

Exodus Communications, Inc.



R. David Yost
Chief Executive Officer
AmerisourceBergen
Corporation

Ethics and Compliance

Ethical conduct is the way we protect our credibility as a company, establish respect and earn the trust of our employees, partners, clients and the community. EDS promotes ethical leadership, ownership and accountability. Our ethics and compliance program applies globally to all EDS employees, directors and EDS' subsidiaries. The program covers compliance with domestic and international laws that significantly affect EDS' activities.

The Office of Ethics and Compliance provides guidance and clarification about company policies. It administers EDS' business conduct and compliance programs by managing issues, including allegations of violations of the law or company policy. Every employee is provided with the information, knowledge and skills necessary to make ethical decisions through training programs, workshops, effective communications and policy clarification.

EDS Code of Business Conduct

EDS is committed to providing high-quality professional services and to conducting business ethically and with integrity. We earned a reputation as an honest and ethical organization by setting and meeting consistently high standards with clients, employees, suppliers, shareholders and governments.

Guidelines for ethical behavior and practices are set in the EDS Code of Business Conduct (Code). The Code applies to all EDS employees and directors and is available in multiple languages. All employees globally (except where prohibited by law) are required to certify annually that they have access to, have read and understand the Code. Numerous country addendums attached to the Code take into account variations in local laws and customs.

Code-related policies are developed and published in response to legal compliance standards, or in instances in which EDS wants to prohibit or require specific behavior. These policies are available to employees on EDS' internal Web site.

Monitoring, Reporting and Tracking

Monitoring compliance is the responsibility of all EDS employees under the EDS Code of Business Conduct, and all have a duty to report known or suspected violations of law or policy. Employees have access to a number of different methods to report concerns, including access to any leader through the Open Door Policy, the Office of Ethics and Compliance, Legal Affairs, Global Investigations, Employee Relations, Human Resources, Corporate Audit and the EDS Ethics Helpline.

The Ethics Helpline, staffed by a third-party vendor, is available 24 hours a day, every day, and callers have the option to remain anonymous. Inquiries and discussions are kept confidential to the extent reasonably possible.

An internal confidential database tracks all contacts reported to the Office of Ethics and Compliance and the Ethics Helpline. Reports involving allegations of wrongdoing are appropriately investigated. Matters referred for investigation are followed until closed and appropriate corrective action is taken, if needed.

Ethics Awareness and Education

EDS employees are empowered to make decisions that can affect them and the company. To assist employees in making good business decisions, the Office of Ethics and Compliance offers training and communications on a variety of topics covered in the EDS Code of Business Conduct. In addition, EDS' chief executive officer and Executive Committee members, along with other leaders, regularly address ethics and compliance in their messages.

Data Privacy and Protection

EDS is committed to complying with applicable laws and to respecting high standards in handling its own and its clients' personal data. It does this through compliance with the EDS Global Privacy and Data Protection Policy and EDS customer contracts. This policy underpins the basic operating rules and procedures applicable to EDS' handling of personal data. These rules and procedures consist of specific guidelines applicable at the corporate and individual EDS employee level in all uses of personal data – even in countries that do not yet have comprehensive data protection or privacy laws.

The EDS Privacy intranet Web site contains materials outlining these rules and procedures. They describe the impact of the policy in terms of the duties of EDS and its employees relative to the two primary capacities in which EDS operates: as a controller of personal data, such as EDS employee information held by an EDS company; and as a data processor, such as personal data processed by an EDS company on behalf of a client. The policies and procedures to be followed in compliance with EDS Global Privacy and Data Protection Policy are set out in the EDS Global Code of Practice for Privacy and Data Protection.

Economic Performance

The year 2005 was a successful one for EDS. Our results marked a turning point in our "stabilize, fix and invest-to-grow" strategy. We gained renewed respect from clients, industry analysts and our competitors. But even with all this progress, we know we must move from being a good, respectable company to a great market leader.

Financial Highlights

(in millions, except per-share amounts)

	As of and for the Years Ended December 31,									
		2005(1)		2004(2)		2003(2)		2002(2)(3)	2	001(2)(3)(4)
Operating results										
Revenues	\$	19,757	\$	19,863	\$	19,758	\$	19,538	\$	19,272
Cost of revenues		17,422		18,224		18,261		16,352		15,653
Selling, general and administrative		1,819		1,571		1,577		1,532		1,544
Restructuring and other		(26)		170		175		(2)		(17)
Other income (expense) ⁽⁵⁾		(103)		(272)		(262)		(331)		121
Provision (benefit) for income taxes		153		(103)		(205)		451		782
Income (loss) from continuing operations		286		(271)		(312)		874		1,431
Income (loss) from discontinued operations		(136)		429		46		242		(44)
Cumulative effect on prior years of changes in										
accounting principles, net of income taxes		_		_		(1,432)		_		(24)
Net income (loss)	\$	150	\$	158	\$	(1,698)	\$	1,116	\$	1,363
Per share data										
Basic earnings per share of common stock:										
Income (loss) from continuing operations	\$	0.55	\$	(0.54)	\$	(0.65)	\$	1.82	\$	3.04
Net income (loss)		0.29	•	0.32		(3.55)	•	2.33	•	2.90
Diluted earnings per share of common stock:						(=:==)				
Income (loss) from continuing operations		0.54		(0.54)		(0.65)		1.79		2.95
Net income (loss)		0.28		0.32		(3.55)		2.28		2.81
Cash dividends per share of common stock		0.20		0.40		0.60		0.60		0.60
Financial position										
Total assets	\$	17,087	\$	17,744	\$	18,616	\$	18,880	\$	16,353
Long-term debt, less current portion		2,939		3,168		4,148		4,148		4,692
Shareholders' equity		7,512		7,440		7,022		7,022		6,446

- (1) We adopted a new method of accounting for share-based payments as of January 1, 2005. This change in accounting resulted in the recognition of pre-tax compensation expense of \$160 million (\$110 million net of tax) for the year ended December 31, 2005.
- (2) Operating results for each of the years in the four year period ended December 31, 2004 have been restated to conform to the current presentation to reflect certain activities as discontinued operations during 2005.
- (3) We adopted a new method of accounting for revenue recognition on long-term contracts effective January 1, 2003. Amounts for prior years are reported in accordance with our previous method of accounting for revenue recognition. Revenues for the years ended December 31, 2002 and 2001 were \$18,311 million and \$18,175 million, respectively, on a comparable pro forma basis as if the aforementioned accounting change had been applied to all contracts at inception. Net income for the years ended December 31, 2002 and 2001 were \$460 million and \$932 million, respectively, on a comparable pro forma basis as if the aforementioned accounting change had been applied to all contracts at inception.
- (4) Effective January 1, 2002, we fully adopted Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Intangible Assets. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized. Operating results, including those related to discontinued operations, include goodwill amortization in the pre-tax amount of \$173 million for the year ended December 31, 2001.
- (5) Other income (expense) includes net investment gains (losses) in the pre-tax amounts of \$(41) million, \$6 million, \$6 million, \$(119) million, and \$344 million for the years ended December 31, 2005, 2004, 2003, 2002 and 2001, respectively.

Credit Ratings

The following table summarizes our senior long-term debt credit ratings by Moody's Investor Services, Inc. (Moody's), Standard & Poor's Rating Services (S&P) and Fitch Ratings (Fitch) at December 31, 2005:

	Moody's	S&P	Fitch
Senior long-term debt	Ba1	BBB-	BBB-
Outlook	Stable	Negative	Stable

Segment Information

The following table summarizes certain financial information by reportable segment, including components of the Outsourcing segment, as of and for the years ended December 31, 2005, 2004 and 2003 (in millions):

	2005				
		Operating			
		Income Total			
	Revenues	(Loss)	Assets		
Americas	\$ 9,239	\$ 1,433	\$ 4,283		
EMEA	5,935	819	3,558		
Asia Pacific	1,377	103	529		
U.S. Government	2,025	375	519		
Other	1	(752)	1,307		
Total Outsourcing	18,577	1,978	10,196		
NMCI	817	(75)	922		
All other	363	(1,361)	5,969		
Total	\$ 19,757	\$ 542	\$ 17,087		

	2004				
		Operating Income Total			
	Revenues	(Loss)	Assets		
Americas	\$ 9,251	\$ 1,113	\$ 3,783		
EMEA	6,247	911	3,388		
Asia Pacific	1,289	107	532		
U.S. Government	2,132	374	520		
Other	2	(560)	829		
Total Outsourcing	18,921	1,945	9,052		
NMCI	761	(862)	1,097		
All other	181	(1,185)	7,595		
Total	\$ 19,863	\$ (102)	\$ 17,744		

	2003			
	Operating			
		Income Total		
	Revenues	(Loss)	Assets	
Americas	\$ 9,589	\$ 1,170	\$ 3,100	
EMEA	6,517	851	3,411	
Asia Pacific	1,274	78	390	
U.S. Government	2,167	479	1,317	
Other	_	(465)	2,710	
Total Outsourcing	19,547	2,113	10,928	
NMCI	1,017	(948)	1,071	
All other	(806)	(1,420)	6,617	
Total	\$ 19,758	\$ (255)	\$ 18,616	

EDS is investing in its people, technology, infrastructure and new capabilities to help clients meet the market demands of the 21st century.

EDS 2005 Annual Report

EDS' 2005 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available free of charge on our Web site at www.eds.com/investor.

Currency

All references to currency are in U.S. dollars.

Multi-Year Plan

EDS' Multi-Year Plan is our long-term business plan to make EDS more competitive by enhancing our portfolio of services and continuously improving operating efficiency. This comprehensive plan, being implemented over time, is built on systemic foundational, cost-savings and revenuegenerating actions.

The Multi-Year Plan incorporates EDS' fundamental beliefs:

- Global commerce
- · Innovation at the edge
- · Shift in where and how work is done
- Domination by business ecosystems
- · Inability of legacy systems to fully engage

Here is our strategy to support our beliefs:

- Increase our competitiveness in the marketplace
- · Transform the client vision of EDS
- Execute a comprehensive quality- and cost-improvement plan
- · Bring important new capabilities to the market
- Achieve the financials required to sustain growth

EDS' Multi-Year Plan is one of the mechanisms with which we are executing EDS' strategy – and it supports our long-term business plan to operate and profitably grow our business. The plan manages the allocation of investment capital and our workforce to carry out the plan.

EDS Agile Enterprise

EDS is investing in its people, technology, infrastructure and new capabilities to help clients meet the market demands of the 21st century. A key component of our Multi-Year Plan is the EDS Agile Enterprise technology platform. As part of this strategy, we have established alliance relationships with a number of leading technology companies that will help us develop this platform.

Cost Leadership Initiatives

We continued to focus on improving our cost competitiveness as part of a long-term goal to reduce our cost of revenue. During 2005, we reduced our cost of revenue by approximately \$1 billion primarily through four initiatives:

- Improvements in our supply chain, including increased use of centralized sourcing, competitive bidding, advanced sourcing tools and automation, and improvements in demand planning, logistics and fulfillment
- Labor cost management through increased productivity, investment in automation and monitoring tools, and acceleration of EDS' Best Shore initiatives by increasing our capabilities in lower-cost geographies
- Enterprise process improvements, including greater standardization and consolidation, more regimented contract start-up processes, and service delivery automation
- Production process improvements, including automation and process redesign, enabling improved use of data center capacity

A.T. Kearney Sale

During 2005, we approved a plan to proceed with a transaction to sell 100 percent of our ownership interest in our A.T. Kearney management consulting business. This transaction was completed in January 2006.

2005 Corporate Social Responsibility Report

Report Scope

The 2005 Corporate Social Responsibility Report was developed based on the Global Reporting Initiative (GRI) sustainability reporting guidelines. The GRI is the most well-known and widely used standard for CSR reporting, with reporting principles that include transparency, inclusiveness, completeness, accuracy and clarity.

GRI guidelines include performance indicators that measure an organization's impact in three key categories:

- Economic Direct economic impacts on an organization's key stakeholders, including customers, suppliers, employees, investors and the public sector
- Social Labor and employment practices, health and safety, training and education, diversity, community, political contributions, security practices, and nondiscrimination, among others
- Environmental Materials, energy, water, compliance, emissions and waste, among others

In compiling this report, EDS referred to GRI guidelines to direct our selection of relevant content. We will attempt to incorporate more of these guidelines in subsequent reports.

Reporting Period

This report focuses on EDS operations during the period of January 1, 2005, through December 31, 2005. Some information reported may have occurred either before or after 2005. Such information is already in the public domain and is referenced here for report clarity and completeness.

Information Integrity

EDS management reviewed and verifies the integrity of the information contained in this report. We believe it is an accurate and balanced representation of EDS operations relative to corporate social responsibility for the year ending December 31, 2005.

Contact

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About EDS

EDS (NYSE: EDS) is a leading global technology services company delivering business solutions to its clients. EDS founded the information technology outsourcing industry more than 40 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to clients in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries and to governments around the world. Learn more at eds.com.

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EDS. Technology services. Business solutions.

We help clients improve their systems and processes so they can become more productive, manage change and grow.

