

EDS

**Corporate Ethics:
A Code of Conduct,
Your Responsibility**

To All Employees of EDS:

EDS has earned its reputation as an honest and ethical organization with consistently high standards in its relationships with its customers, the government and the public. To ensure that we all continue to uphold the highest standards, we would like to discuss briefly EDS' policies in relation to business ethics and our corporate Code of Conduct.

The basic principles of EDS' corporate Code of Conduct are honesty and integrity. We conduct EDS' business in accordance with both the letter and spirit of the applicable laws of the United States and of those foreign countries in which EDS does business. We will conduct our business in the center of the field of ethical behavior — not along the sidelines, skirting the boundaries. Furthermore, we must be alert to the totality of our conduct to avoid a series of acts, each falling technically within the bounds of ethical behavior, but which viewed together may give the appearance of improper behavior.

We must be honest in all our relationships and must avoid even the appearance of illegal or unethical conduct. For example, no employee of EDS will give or receive bribes or kickbacks, make improper political contributions, abuse confidential information or misuse the company's funds and assets. Furthermore, any illegal use or possession of drugs or controlled substances will result in immediate termination.

EDS policy has been, and continues to be, complete opposition to the use or sale of illegal drugs by any employee. Illegal drugs are defined as any prescription drug obtained other than through a valid prescription, as well as the commonly known illegal drugs such as, but not limited to, marijuana, cocaine or heroin. The following statement is an expansion of our policy.

Actions leading to immediate termination of employment with EDS:

- Possession or use of any illegal drugs while at work or at EDS-sponsored functions or EDS facilities
- Use of illegal drugs or the abuse of prescription drugs or alcohol that negatively affects job performance
- Manufacture, sale or delivery of illegal or prescription drugs
- Any conviction for violation of laws involving illegal or prescription drugs
- Unauthorized use of alcohol during working hours or at EDS facilities

EDS believes that our obligation to you, the employee, goes beyond this statement of policy. Knowledge is the most important element in overcoming the drug problem. It is vital that all of us are made aware of the causes, effects, and costs of the growing drug problem. To this end, we have developed a presentation on drug awareness that will become a permanent part of our ongoing educational program.

This Code of Conduct applies equally to foreign countries as to the United States and anticipates that employees of EDS will avoid any outside affiliation creating potential or actual conflicts of interest with EDS. We will continue to compete as vigorously as possible, but fairly and ethically.

The success of EDS rests directly on the quality of our people and our services. The integrity of all our people is an essential part of this quality that we offer to our customers. If our integrity ever became suspect, the future of EDS would be in jeopardy.

Our Code of Conduct must, therefore, remain a part of our way of life at EDS, not just memos written for appearance's sake. All books, records and accounts of the company must be kept so that they fully and fairly reflect all receipts and expenditures. False or misleading records will not be tolerated.

This letter introduces the EDS Code of Conduct applicable to employees of EDS and all subsidiaries. These guidelines are provided as a continuing corporate policy file supplementing this summary statement of the EDS Code of Conduct. These guidelines should be used by EDS employees to recognize problem areas in order to know when to seek professional advice. Accordingly, EDS employees will have available the further assistance of legal counsel on request.

Let us re-emphasize that EDS' good name is a priceless asset; one that cannot be purchased. There is a close relationship among the quality of our name, the quality of our people and the quality of our services.

It is the responsibility of each and every EDS employee to maintain the highest standards of business ethics, including taking positive action to prevent or correct any improper acts that may come to your attention. This could mean directly confronting the person involved and reporting the matter to your supervisor. In the event you feel uncomfortable with such a direct personal confrontation, each EDS employee is also authorized to report such situations directly to an attorney in the EDS Legal Department or a

member of the EDS Internal Audit staff. We all owe it to each other to prevent acts that could harm all of us at EDS.

When in doubt, measure your conduct against this Golden Rule of Business Ethics: Could you do business in complete trust with someone who acts the way you do? The answer must be **YES**.



Mort Meyerson



Ross Perot

A Code of Conduct

Equal Employment Opportunity

EDS is committed to a policy of equal employment opportunity in all its operations and in all areas of employment practice to assure that there shall be no discrimination against any employee or applicant on the grounds of race, color, religion, sex, age, physical handicap or national origin.

This policy relates to all phases of employment including recruitment, hiring, placement, promotion, transfer, compensation, benefits, training, educational, social and recreational programs and the use of EDS facilities. It covers all other personnel actions in all job categories and at all levels.

Periodic review of employment practices and actions are and shall be conducted to ensure compliance with this policy as well as the related laws in this vitally important area of management responsibility.

Prohibited Payments

No funds or assets of EDS shall be used for or in aid of any candidate or nominee for federal political office in the United States nor for any political parties or committees. These prohibitions cover direct contributions and indirect assistance such as the furnishing of goods, services or equipment to candidates, political parties or committees. Such corporate contributions are prohibited by federal law as to federal elections.

State laws and the rules of countries outside the United States vary as to whether corporate contributions are legal in state and local elections. Accordingly, any such state or foreign campaign contribution must be cleared, in writing, in advance, with the EDS Legal Department and Comptroller's Office. The authority for such proper payments shall be clearly stated in writing in the related accounting records.

EDS encourages employees to make voluntary contributions to candidates of their choice and to participate actively in local, state and federal political processes. EDS will not reimburse an employee, directly or indirectly, for any contributions made by the employee; nor will EDS make any employee's time available to assist a candidate while the employee is being paid directly or indirectly by EDS for such time.

Political Action Committees (PAC) are authorized under federal law allowing a registered PAC to solicit funds from employees,

shareholders and others for voluntary contributions. EDS has organized and registered an EDS Political Action Committee as an authorized way for participation in the political process.

Acts of hospitality toward public officials should be of such a modest scale and nature as not to compromise the integrity or the reputation of the public official or EDS. All such acts should be performed with the expectation they will become a matter of public knowledge. Be aware that federal law and the laws of most states prohibit giving anything of value to a government official with the intent to influence any official act, even if the official is required by law to perform the act. Since the absence of such intent might be difficult to prove, neither money nor anything of value should be given to a federal, state or foreign government official. In addition, some government officials are prohibited from accepting even occasional meals or sales promotion items.

No payments will be made to any person when there is reason to believe that the payments will in turn be applied to illegal objectives on behalf of EDS.

A determination that a payment or practice is not forbidden by law does not conclude the analysis of whether a given action should be taken. It is always appropriate to make further inquiry into the ethics of the proposed action. Recognizing and solving ethical problems in business practice can often be more difficult than identifying and solving legal problems; but it is critical for all EDS personnel, especially managerial personnel, to develop a sensitivity to questions of business ethics.

Conflict of Interest

EDS expects that its officers and employees at all levels shall be free of any influence, interest, or relationship that might conflict with the best interests of EDS. EDS employees are expected to avoid activities, investments or associations which might interfere with their independent exercise of judgment in EDS' best interest.

Implementation of this conflict of interest policy is assisted by a continuing requirement by the management of EDS that all officers and employees of EDS disclose to their supervisors any circumstances which may create a potential for conflicts of interest. This requirement is intended to assist EDS employees to realize the fullest freedom compatible with their own best interests, those of EDS and its stockholders. Thus, very few substantial questions of conflict of interest can exist where there is full knowledge by

EDS management of all the facts. In the few instances where such a question might exist after full disclosure, corrective steps generally can be taken to avoid the problem without interfering with the proper outside interest of the officer or employee.

It is impracticable to specify all circumstances creating unacceptable conflicts of interest. However, the following general examples are representative.

A conflict of interest may arise where an EDS officer or employee, or member of his immediate family, has an interest or relationship with any other party to a transaction with EDS. A conflict can arise, however, only where

- the officer or employee is in a position to make or influence decisions pertaining to the transaction, and
- the interest or relationship is sufficiently substantial so that others could reasonably believe it would affect an EDS employee's judgment or action concerning such transaction.

For example, investment in the securities of a widely held corporation listed on a public exchange, where EDS' transactions with that corporation would not tend to affect the value of such securities, would not be a substantial interest in violation of the conflict of interest policy. But an investment or interest of comparable dollar value in a smaller supplier, customer, bank, contractor, or other organization or firm dealing, or seeking to deal, with EDS might well be considered a substantial interest creating a conflict situation.

Similarly, disclosure of all the facts concerning services performed by any EDS officer or employee or immediate member of his family as an officer, employee, director or consultant to any other party competing, dealing, or seeking to deal with EDS is required to determine whether there is a substantial relationship prohibited by the policy.

No officer or employee can accept, directly or through a member of his immediate family, any gratuitous payment, loan at other than fair market rates, service or gift accommodation of value from any other party doing or seeking to do business with EDS. Acceptance of entertainment, travel or a gift of a character which reasonably might be deemed by others to affect the judgment or action of the officer or employee in the performance of his employment with EDS would also violate this policy.

EDS policy prohibits all payments of money or gratuities to an employee of any other concern, whether or not any intent is present to influence the recipient's conduct, other than gratuities of a nominal value. Even nominal gratuities may not be offered if receipt of the gift might place the employee of the other company or EDS in a difficult, prejudicial or embarrassing position or if acceptance of the gratuity would interfere in any way with the impartial discharge of the employee's duties. Offers of cash gifts are always forbidden. EDS periodically issues to its own suppliers EDS' policy statement forbidding receipt by its employees of any such gifts.

To acquire an interest in property which the officer or employee knows EDS contemplates purchasing is clearly in violation of the policy. Business opportunities or investments known or made available to an employee through his association with EDS which might be of interest to EDS, shall be offered first to the company before the employee acts on the opportunity or investment for his personal benefit.

To acquire an interest in property which might appreciate in value because of its location near property which the officer or employee knows EDS contemplates purchasing may also be in violation of the policy. Disposition or sale of property based upon confidential knowledge of proposed EDS action would also require disclosure.

There are other situations, which, while not clear-cut violations of the conflict of interests policy are, nevertheless, inconsistent with high standards of business ethics.

Should any employee invest in a supplier even though his position is remote from any business decisions of EDS with respect to that supplier?

Is an employee's association with other business firms, say as a director or member of an advisory board, in violation of of EDS policy?

Because in these and other situations difficult questions of judgment are involved, outside affiliations should be disclosed and discussed with your supervisor and the Legal Department consulted, if any doubt remains.

Confidential and Proprietary Data

No officer or employee of EDS may use or release to others for his own personal profit or benefit any data, plans, decisions, or other

confidential information made known by reason of his employment by EDS.

The proprietary information residing in the software and systems programs developed by EDS at great expense over the years is one of the most valuable assets of the company. In addition to the legal requirements that such confidential proprietary information not be improperly taken from EDS, each EDS employee enters into affirmative agreements at the time of his employment. The EDS standard Employment Agreement supplements and highlights the standards of professional ethics and contractual undertakings of all employees. These obligations include an affirmative promise to respect EDS' confidential and proprietary data, to refrain from competing with the Company and not to recruit, or assist others to recruit or solicit EDS' employees for employment.

In carrying out EDS' business, its officers and employees often obtain confidential information of EDS' customers. The trust imposed by knowledge of our customer's confidential information is to be carefully honored. No such information shall be disclosed to non-employees without due authorization. In addition, such information should not be disclosed even to other EDS employees unless a need-to-know basis is established.

Inside Information: Purchase or Sale of Securities

Full disclosure of all information concerning a public company which could reasonably affect an individual shareholder's decision to purchase or sell the company's stock is a keystone of securities law. The objective is to treat all shareholders and potential shareholders fairly by providing them with prompt and complete information about significant corporate developments. In addition, the laws are designed to ensure that insiders do not profit from advance knowledge of such information not available to the general public. Examples include information about forthcoming acquisitions and mergers, changes in earnings, significant new contracts, technological discoveries, major management changes, decisions to enter or terminate lines of business operations and other important corporate developments.

All such newsworthy information concerning EDS and its business, which has not received general publicity, must be treated in strictest confidence by all EDS employees or individuals who learn about business activities of EDS which would be likely to affect the value of the other companies' securities, before those developments have been generally disclosed to the public.

No preferential treatment will be given to any shareholder, potential investor or securities analyst. As a matter of policy, inquiries of this sort and those from the media should be directed to the officer of EDS charged with the responsibility for dealing with the financial community and media. All such interviews with shareholders, potential investors and/or securities analysts should be coordinated through the EDS Financial and Shareholder Relations staff.

In addition to these fundamental requirements on inside information applicable to all EDS employees, the elected officers and directors of EDS are subject to other special reporting requirements of the Securities and Exchange Commission. Details of those requirements are set forth in a separate memorandum made available to all EDS officers and directors.

EDS has several programs whereby its employees can purchase shares of EDS stock. Each of the EDS employee stock purchase plans provides the employees receiving EDS stock with detailed written guidelines as to their respective rights and obligations. The policies and provisions of those stock plans are to be adhered to with care.

Antitrust and Marketing Regulations

The basic United States Antitrust Laws were enacted during the 1890's in response to monopolistic and unfair trade practices in order to foster free competition and prevent artificial restraints on the economic system of this country. EDS' responsibility as a corporate citizen requires that it comply with these laws. Compliance with antitrust laws and profitable operation of EDS are objectives attained by the same means. To deal fairly, equally and openly with customers and suppliers, and to compete aggressively but independently, are among the principles designed not only to build a successful company but also to ensure the free competition required by the antitrust laws.

Observance of the antitrust laws is important not only to EDS but also to the individual EDS employee because, in the event of violation, the employee cannot be sheltered by the corporation or escape the consequences by pleading ignorance of the law. Failure to be informed in this area may endanger the employee's personal freedom, economic stability and standing in the community.

The primary responsibility for compliance rests with each individual. If any employee recognizes what appears to be an antitrust problem, it should be promptly discussed with the employee's immediate supervisor.

It is the responsibility of each supervisor to ensure that the operations of his department are conducted in accordance with these policies. Each person will be held accountable for compliance and the failure to bring up appropriate matters for review may constitute a breach of duty to the company. Officers and employees of EDS should be able to recognize antitrust problem areas but should not be expected, and should not undertake, to solve legal problems or reach their own decisions without assistance from counsel.

Each individual must not only comply with the law but should also act in such a manner that it will not *appear* that the law is being violated. For example, an innocent inter-office memorandum (perhaps written to impress others in the company with the writer's knowledge of the competitive situation) may later be misconstrued, contrary to the actual fact, as evidence of some improper collusive understanding among competitors. Every memorandum or letter dealing with the subject of competition should, therefore, be written on the assumption that it will be produced for inspection by antitrust enforcement personnel who may well place the most sinister interpretation possible on an otherwise innocent memorandum.

No employee of EDS shall enter into any understanding, agreement, plan or scheme, expressed or implied, formal or informal, with any competitor in regard to prices, terms or conditions of sale or service, production, distribution, territories or customers. No employee shall exchange or discuss with a competitor prices, terms or conditions of sale or service, or any other competitive information; nor engage in any other conduct which violates any of the antitrust laws.

Under the Robinson-Patman Act, regulating marketing practices, it is unlawful for a seller to discriminate in price between the purchasers of commodities of like grade and quality, where the effect of the discrimination may be substantially to lessen or injure competition on the seller, purchaser or customer level. Furthermore, a business concern may not sell or contract to sell to a customer (or purchase from another) when, to its knowledge, any discount, rebate, allowance or advertising service charge incorporated in such sale is not available at the time of the transaction to

competitors of the buyer with respect to goods of like grade, quality and quantity. This prohibition applies to buyers as well as sellers.

Moreover, it is illegal for a seller to pay a commission, brokerage, or other compensation, or any allowance or discount in lieu thereof to a purchaser or a supplier or to an agent, representative or an intermediary subject to direct or indirect control. Where payments are made for brokerage services, the broker must be truly independent of the other party.

International Trade Regulations

Various statutes and regulatory agency rules have been enacted relating to international trade, including the Export Administration Act, regulations of the United States Department of Commerce and reporting requirements of the Tax Reform Act of 1976. Each unit of EDS involved in export sales and/or foreign operations, has been directed to maintain a continuing program of compliance with such laws and regulations.

Accounting Systems, Books and Records

EDS has consistently maintained a policy that its books and records will, in reasonable and accurate detail, reflect the transaction and disposition of EDS' assets. Detailed guidelines as to accounting controls and financial reporting are available to the appropriate officers and employees of EDS.

In particular, it is company policy that no entries will be made or omitted from the books of EDS which intentionally obscure or disguise the true nature of the transactions underlying such an entry.

EDS will maintain no unrecorded "slush" fund or secret assets of any kind for any purpose whatsoever. All books and records of EDS (including any foreign subsidiaries) will be maintained in accordance with accounting principles generally accepted in the United States.

It is EDS' unequivocal position that no false, artificial or misleading statements or entries should be made in EDS' books, records, accounts, documents or financial statements. Moreover, all transactions must be recorded in such a manner as to both maintain accountability for all EDS assets and permit preparation of financial statements in conformity with generally accepted accounting principles.

Acknowledgement*

I have carefully read the booklet "*EDS Code of Conduct*".
I understand and agree to comply with its purposes and provisions.

Date

Signature of Employee

Social Security No.

Typed or Printed Name of Employee

Title

Department

Employing Company or Division

DETACH HERE

*Please complete and return this acknowledgement form to your manager.

EDS

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