PEROT SYSTEMS CORP
Form DEF 14A
March 25, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Perot Systems Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PEROT SYSTEMS CORPORATION

2300 W. Plano Parkway
Plano, Texas 75075

Notice of Annual Meeting of Stockholders
Friday, May 9, 2008
3:30 p.m. Central Daylight Time

Perot Systems Corporation
Plano Campus Cafeteria, West Lobby
2300 West Plano Parkway
Plano, Texas 75075

March 25, 2008

To Our Stockholders

On behalf of the Board of Directors, you are cordially invited to attend the 2008 Perot Systems Corporation Annual Meeting of Stockholders. At the Annual Meeting, our stockholders will be voting on:

- the election of our directors;
- the amendment, renewal and extension of our Employee Stock Purchase Plan;
- the ratification of the appointment of our independent registered public accounting firm for 2008; and
- any other business properly brought before the Annual Meeting.

Voting is limited to stockholders of record at the close of business on March 12, 2008.

If you plan to attend the meeting in person, please bring to the Annual Meeting one of the admission tickets provided with these proxy materials.

Sincerely yours,

Ross Perot, Jr.
Chairman

PEROT SYSTEMS CORPORATION

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS

Perot Systems Corporation is furnishing you this Proxy Statement on behalf of its Board of Directors to solicit proxies for its Annual Meeting of Stockholders and any adjournments or postponements of the Annual Meeting. We will hold the Annual Meeting at our Plano Campus Cafeteria, 2300 West Plano Parkway, Plano, Texas on Friday, May 9, 2008, at 3:30 p.m. Central Daylight Time. We first mailed these proxy materials to our stockholders on or about March 25, 2008.

PURPOSE OF MEETING

We are holding the Annual Meeting for the stockholders to elect our directors, amend, renew and extend the Employee Stock Purchase Plan, ratify the appointment of our independent registered public accounting firm for 2008, and conduct any other business that properly comes before the Annual Meeting.

VOTING AND SOLICITATION

Right to Vote and Record Date

Our Class A Common Stock, par value $.01 per share, is the only type of security entitled to vote at the Annual Meeting. Each share of Class A Common Stock that you owned as of the close of business on March 12, 2008, entitles you to one vote for each of the 11 nominees for director and one vote on each other proposal properly brought before the Annual Meeting. On March 12, 2008, there were 118,955,116 shares of Class A Common Stock outstanding.

Quorum; Adjournment

The holders of at least a majority of the voting power of our issued and outstanding shares of Class A Common Stock must be present, in person or by proxy, to constitute a quorum for the transaction of business at the Annual Meeting. We count abstentions to determine whether a quorum exists for the transaction of business. We also count broker non-votes, which we describe in more detail below, as shares present or represented at the Annual Meeting for purposes of determining whether a quorum exists.

Voting at the Annual Meeting

If your shares of Class A Common Stock are registered directly with Mellon Investor Services, you are a "record holder" and may vote in person at the Annual Meeting. If you hold your shares through a broker, bank or other nominee, your shares are held in "street name" and you are the "beneficial holder." If you hold your shares in street name, in order to vote in person at the Annual Meeting, you must obtain a proxy from your broker, bank or other nominee.

Voting by Proxy

Whether or not you are able to attend the Annual Meeting, we urge you to vote by proxy.

Shares Held of Record

If you are a record holder, you can vote your shares using one of the following methods:

- via the Internet website shown on the proxy card,
- by telephone using the toll-free number shown on the proxy card, or
- by a completed and returned written proxy card.

We must receive votes submitted through the Internet or by telephone by 11:59 p.m., Eastern Daylight Time, on May 8, 2008. Internet and telephone voting are available 24 hours a day, and if you use one of those methods, you do not need to return a proxy card. Submitting your voting instructions by any of the methods mentioned above will not affect your right to attend the Annual Meeting and vote in person.

If you vote by phone or via the Internet, please have your social security number and proxy or voting instruction card available. The sequence of numbers appearing on your proxy card and your social security number are necessary to verify your vote.

Shares Held in Street Name

If you hold your shares in street name, you should follow the directions provided by your broker or bank regarding how to instruct your broker to vote your shares. Without instructions from you, your broker or bank has discretion to vote your shares on "routine matters," such as the election of directors and ratification of the appointment of the independent registered public accounting firm. Your broker does not have the discretion to vote your shares on the amendment, renewal and extension of the Employee Stock Purchase Plan.

How the Proxy Holders Will Vote Your Proxy

The proxy holders will vote as you direct if you properly complete your proxy. If you submit a proxy but do not provide directions on how to vote, your proxy will be voted as follows:

- FOR the nominees of the Board of Directors,
- FOR amendment, renewal and extension of the Employee Stock Purchase Plan,
- FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, and
- In the discretion of the proxy holders, with respect to any other matters that may properly come before the Annual Meeting.

Changing Your Vote

You may revoke or change your proxy at any time before the Annual Meeting. The procedures for changing your vote differ depending on how you own your shares. If you are a record holder of your Perot Systems shares, you may change your vote by:

- submitting another proxy with a later date before the beginning of the Annual Meeting,
- sending a written notice of revocation to the Secretary of Perot Systems at 2300 West Plano Parkway, Plano, Texas 75075 that is received by the Secretary before the beginning of the Annual Meeting, or
- attending the Annual Meeting and voting in person.

If you are a beneficial holder of your Perot Systems shares, you may change your vote by submitting new voting instructions to your broker, bank or nominee.

Vote Required

Board of Directors

The 11 nominees receiving the highest number of affirmative votes will be elected directors of Perot Systems and will serve until the next Annual Meeting or until their successors have been elected and qualified or until their earlier resignation or removal. We do not have cumulative voting for the election of directors.

Amendment, Renewal and Extension of the Employee Stock Purchase Plan

Amendment, renewal and extension of the Employee Stock Purchase Plan requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting.

Ratification of Independent Registered Public Accounting Firm

Ratification of our independent registered public accounting firm requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting.

Other Matters

Approval of other matters considered at the Annual Meeting typically requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. Our Certificate of Incorporation requires a vote of 66 $^{2}/_{3}$% of the outstanding Class A Common Stock for certain matters. As of the date of this Proxy Statement, no other matter for consideration at the Annual Meeting has been submitted to Perot Systems.

Broker Non-Votes and Abstentions

A broker non-vote occurs when a broker holds shares in street name for a customer and the customer does not direct the broker's vote with respect to the approval of non-routine matters. With respect to the election of directors and ratification of the appointment of the independent registered public accounting firm, a broker will have discretionary authority to vote the shares if the beneficial owner has not given instructions. Without your instructions, a broker may not vote on the amendment, renewal and extension of the Employee Stock Purchase Plan.

Abstentions are counted as votes AGAINST for purposes of determining the approval of any matter submitted to the stockholders for a vote.

Solicitation of Proxies

Perot Systems will pay all costs of the solicitation. We will furnish copies of solicitation material to fiduciaries and custodians holding shares in street name that others beneficially own. We will conduct the original solicitation by mail or, in cases where the stockholder has previously consented to electronic delivery, by electronic means. We may supplement the original solicitation with a solicitation by telephone, telegram, or other means by our directors, officers, or employees. We will not pay additional compensation to these individuals for their services. We do not plan to solicit proxies by means other than those we have described above.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 9, 2008.

This proxy statement is available at: www.proxyvote.com by entering the control number you received in your notice, vote instruction form or proxy card.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

Our bylaws provide that the number of our directors will not be less than one, with the exact number to be fixed by the Board of Directors. The Board of Directors has fixed the number of directors at 11. We are proposing the election of all 11 of our current directors to hold office for a term of one year, expiring at the close of the 2009 Annual Meeting of Stockholders or when their successors are elected and qualified, or until their earlier resignation or removal. We have listed the nominees and their positions and offices with Perot Systems below. The proxy holders will vote all duly executed proxies received for the nominees listed below unless you instruct them otherwise. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote the proxies for any nominee designated by the current Board to fill the vacancy, unless the Board reduces the number of directors to be elected at the Annual Meeting. The Board is not aware of any nominee who is unable or who will decline to serve as a director.

THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES LISTED BELOW.

Directors and Their Business Experience

Ross Perot is Chairman Emeritus of the Board and has served as a director of Perot Systems since November 1997. Mr. Perot served as Chairman of the Board from February 1998 until September 2004. Mr. Perot is a founder of Perot Systems, served as Perot Systems' President and Chief Executive Officer from November 1997 through August 2000, and served as a director from April 1988 until September 1994. Mr. Perot is currently a private investor. Mr. Perot is the father of Ross Perot, Jr. Age 77.

Ross Perot, Jr. has served as Chairman of the Board of Perot Systems since September 2004 and as a director since June 1988. Mr. Perot served as President and Chief Executive Officer of Perot Systems from September 2000 until September 2004. Mr. Perot is founder of Hillwood Development Company LLC. Mr. Perot is the son of Ross Perot. Age 49.

Peter A. Altabef has served as President and Chief Executive Officer and as a director of Perot Systems since September 2004. Mr. Altabef served as Vice President, Secretary and General Counsel of Perot Systems from March 1996 until September 2004. Mr. Altabef became General Counsel in 1994 and a Vice President in 1995. Age 48.

Steven Blasnik has served as a director of Perot Systems since September 1994. Mr. Blasnik has been employed by Perot Investments, Inc., a private investment firm affiliated with our Chairman Emeritus, Ross Perot, for more than five years. Mr. Blasnik also serves as President of Parkcentral Capital Management LP, an investment firm controlled by the Perot Family Trust, and Hill Air Company, LLC, which is wholly owned by Ross Perot. Mr. Blasnik also serves as a director of iREIT, Inc., a private company that owns and operates internet domain names. Age 50.

John S.T. Gallagher has served as a director of Perot Systems since May 2001. Since August 2006, Mr. Gallagher has served as a director and member of the audit committee of American Medical Alert Corp. From March 2002 until April 2007, Mr. Gallagher served as a director and member of the audit and compensation committees of Netsmart Technologies, Inc. From November 2005 through December 2006, Mr. Gallagher served as director and Chief Executive of Stony Brook University Hospital. Mr. Gallagher served as President and Chief Executive Officer of North Shore-Long Island Jewish Health System from October 1997 through December 2001 and continues to serve on its Board of Trustees. From January 2002 to November 2005, Mr. Gallagher served as Deputy County Executive of Health and Human Services for Nassau County, New York. Age 76.

Carl Hahn has served as a director of Perot Systems since April 1993. Since June 1996, Mr. Hahn has been a private investor. Mr. Hahn previously served as Chairman of Saurer Ltd., a manufacturer of textile machines, and Chairman of the Board of Management of Volkswagen AG. Mr. Hahn has served as a director and member of the compensation committees of Hawesko AG since May 1998 and director and audit committee member of Global Consumer Acquisition Corporation since October 2007. Mr. Hahn served as a director and compensation committee member of Indesit Company (formerly known as Merloni Elettrodomestici Group) from May 2001 until April 2007. Mr. Hahn is also a professor of Industrial Strategies at the University of Zwickau, Germany. Age 81.

DeSoto Jordan has served as a director of Perot Systems since February 2004. Since September 1999, Mr. Jordan has been a private investor and Chairman of Afton Holdings, LLC. From 1988 to 1999, Mr. Jordan served as Vice President of Perot Systems. Since 2003, Mr. Jordan has also served as a director and member of the audit committee of Argan, Inc. Age 63.

Thomas Meurer has served as a director of Perot Systems since May 2001. Mr. Meurer is Senior Vice President of Hunt Consolidated, Inc., a director and Senior Vice President of Hunt Oil Company, and has served as an executive officer and director of one or more of the Hunt affiliated entities for over five years. Age 66.

Cecil H. (C. H.) Moore, Jr. has served as a director of Perot Systems since October 2003. Mr. Moore is a private investor. From January 1990 until August 1999, he served as managing partner of the Dallas Business Unit and as an International Liaison Partner of KPMG LLP. Mr. Moore has served as a director and member of the audit committee of NL Industries, Inc. since September 2003 and a director and chairman of the audit committee of Kronos Worldwide, Inc. since December 2003 and June 2004, respectively. Mr. Moore is also a partner in Moore Holdings, Ltd., a private company. Age 68.

Anthony J. Principi has served as a director of Perot Systems since December 2005. Mr. Principi has served as Chairman of QTC Management, Inc. since November 2005, and as Senior Vice President of Pfizer, Inc. since March 2006. Mr. Principi has also served as a director and member of the audit committee of Mutual of Omaha Insurance Company since March 2005. From March 2005 until September 2005, Mr. Principi served as Chairman of the Defense Base Closure and Realignment Commission. From January 2001 until January 2005, Mr. Principi was Secretary of the United States Department of Veterans Affairs. Age 63.

Anuroop (Tony) Singh has served as a director of Perot Systems since March 2005. Mr. Singh has served as Vice Chairman of Max New York Life Insurance Company Limited, a partnership between New York Life International LLC and Max India Limited, since January 2005. Mr. Singh has also served as a director of DCB Bank, Ltd. since February 2005. Mr. Singh has served as a director of Max India, Ltd. since April 2007, and previously served in the same capacity from October 2000 until September 2005. Mr. Singh was CEO and managing director of Max New York Life from October 2000 through December 2004. Age 54.

Board and Committee Meetings

The Board met five times in 2007. During 2007, each incumbent director attended at least 75% of the Board meetings and meetings of all of the committees of which he was a member. Directors are encouraged to attend the annual meetings of our stockholders. Six members of the Board attended our annual stockholders' meeting in May 2007.

The Board has established the Audit Committee, Human Resources and Compensation Committee, and Nominating and Governance Committee to assist in the discharge of the Board's responsibilities. Members of the committees serve until their successors are appointed or their earlier resignation or removal.

The charters of the Audit, Human Resources and Compensation, and Nominating and Governance Committees are publicly available at the Corporate Responsibility section of our website (www.perotsystems.com/responsibility). We intend to disclose all substantive amendments to these charters on this website. Stockholders may request a printed copy of any of these charters from Perot Systems Corporation, Attn: Investor Relations, 2300 West Plano Parkway, Plano, Texas 75075, telephone 1-877-737-6973.

Presiding Director for Executive Sessions of Non-Management Directors

The Board holds meetings of its non-management directors quarterly. The presiding director for these meetings rotates January 1 of each year according to the alphabetical order of each non-management director's last name. Mr. Jordan served in this position during fiscal 2007. Mr. Meurer is the presiding director for 2008. Stockholders and other interested parties may express any concerns regarding Perot Systems' business practices to the presiding director or to the non-management directors as a group by sending a written communication to Perot Systems Corporation, Attn: Non-Management Directors/Corporate Secretary, 2300 West Plano Parkway, Plano, Texas 75075 or by calling our Confidential Hotline (1-800-753-9173) and requesting that the information be provided to the non-management directors.

Audit Committee

The Audit Committee consists of C. H. Moore, Jr., Carl Hahn, John S.T. Gallagher, and Tony Singh. Mr. Moore, the Chairman of the Audit Committee, was appointed to the Audit Committee in December 2003. Messrs. Hahn, Gallagher and Singh were appointed in December 1994, May 2001, and April 2006, respectively. The Audit Committee met eight times in 2007. All members of the Audit Committee satisfy the requirements of independence as set forth in the listing standards of the New York Stock Exchange and Perot Systems' Director Independence Standard, and are independent within the meaning of the applicable regulations of the Securities and Exchange Commission. Mr. Moore is qualified as an audit committee financial expert within the meaning of the Securities and Exchange Commission regulations, and the Board has determined that he has accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange.

The Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of our accounting, auditing, and financial reporting practices. The Audit Committee does not prepare financial statements or perform audits, and its members are not auditors or certifiers of our financial statements. A charter, that the Board and Audit Committee reassess annually, governs the Audit Committee's activities.

The Audit Committee's primary responsibilities and duties are to review and discuss with our outside independent registered public accounting firm our financial statements and the professional services they provide, including the scope of their audit coverage, the independent registered public accounting firm's reports to management and management's responses to such reports, and the independence of the accounting firm from our management. In addition, the Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to legal and regulatory compliance matters. The Audit Committee also reviews and discusses with management the scope of our internal audits, summaries of the internal auditors' reports and activities, the effectiveness of our internal audit staff, certain possible violations of our Standards and Ethical Principles, and such other matters with respect to our accounting, auditing, and financial reporting practices and procedures as it may find appropriate or as have been brought to its attention. In addition, the Board has delegated to the Audit Committee the authority to select our independent registered public accounting firm for each fiscal year.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the "HR Committee") consists of Carl Hahn, DeSoto Jordan, Thomas Meurer, Anthony Principi, and Tony Singh. Mr. Hahn, the Chairman of the HR Committee, was appointed to the committee in March 2002. Messrs. Meurer, Jordan, Singh and Principi were appointed in March 2002, February 2004, June 2005, and April 2006, respectively. All members of the HR Committee satisfy the requirements of independence as set forth in the listing standards of the New York Stock Exchange and Perot Systems' Director Independence Standard. The HR Committee met four times in 2007.

The primary areas of responsibility of the HR Committee are as follows:

- Our human resources strategies and practices and the compensation of, and benefits available to, our associates.
- Fair compensation for our executives based on their performance and contribution to the Company.
- The annual report of the HR Committee to be included in the Proxy Statement for our Annual Meeting of Stockholders.

In discharging its responsibilities, the HR Committee and its Incentive Compensation Sub-Committee advise management and make recommendations and determinations with respect to salary matters, bonus and retirement plans, health and welfare plans, the 1999 Employee Stock Purchase Plan, the 2001 Long-Term Incentive Plan and other benefit plans. In addition, the HR Committee reviews and provides advice to management regarding succession planning and talent development processes, the promotion of diversity, leadership and associate development, and safety matters. The HR Committee's activities are governed by a charter that the Board and HR Committee reassess annually.

Except as described below, the HR Committee reviews and makes final determinations with respect to compensation for our executive officers and reviews and makes recommendations to the Board of Directors regarding the compensation of our outside directors. The charter of the HR Committee allows the HR Committee to delegate certain of its responsibilities, where appropriate, to the chair or one or more members of the HR Committee. The HR Committee has formed the Incentive Compensation Sub-Committee, which is composed solely of outside directors, to make final determinations regarding performance-based compensation, within the meaning of Section 162(m) of the Internal Revenue Code, for our executive officers. Prior to February 27, 2007, the HR Committee reviewed and made final determinations with respect to the compensation of our Chairman and Chief Executive Officer and reviewed and made recommendations to the Board of Directors with respect to the compensation of our other executive officers. In discharging its responsibilities, the HR Committee and its Incentive Compensation Sub-Committee were advised by our Human Resources organization. The participation of our executive officers in the determination of salaries for named executives is described in our **"Compensation Discussion and Analysis."** Our executive officers provide information regarding, but do not recommend, non-employee director compensation levels. In addition, the HR Committee and its Incentive Compensation Sub-Committee engaged and were advised by Fredric W. Cook & Co., Inc. ("F.W. Cook"). Pursuant to the directions of these committees, F.W. Cook provides them with market data, updates on compensation trends and regulatory developments, advice on program design and compensation levels, and other related items as requested by the committees. Although it gathers information from, and reviews materials with, management in completing its work, F.W. Cook works directly on behalf of the committees, does no other work for the Company or any of its senior executives, and has no other ties to the Company.

Nominating and Governance Committee

The Nominating and Governance Committee consists of Thomas Meurer, John S.T. Gallagher, DeSoto Jordan and Anthony Principi. Mr. Meurer, the Chairman of the Nominating and Governance Committee, was appointed to the committee in June 2003. Messrs. Gallagher, Jordan and Principi were appointed to the Nominating and Governance Committee in June 2003, February 2004 and April 2006, respectively. The committee met four times in 2007.

The Board of Directors established the Nominating and Governance Committee to assist the Board in shaping our corporate governance, including the composition of the Board and its committees. The Nominating and Governance Committee identifies and recommends to the full Board all candidates for election as a director. The committee also recommends our corporate governance principles.

Each member of the Nominating and Governance Committee satisfies the requirements of independence set forth in the listing standards of the New York Stock Exchange and Perot Systems' Director Independence Standard. The Director Independence Standard is publicly available at the Corporate Responsibility section of our website (www.perotsystems.com/responsibility).

Director Independence

Pursuant to the Director Independence Standard, the Board reviewed each director's independence in February 2008. As a result of this review, the Board affirmatively determined that each director standing for election at the Annual Meeting, except Ross Perot, Ross Perot, Jr., Peter Altabef, and Steven Blasnik, has no material relationship with Perot Systems (either directly or as a partner, shareholder or officer of an organization that has a relationship with Perot Systems) and is independent of Perot Systems and its management under the Director Independence Standard, the listing standards of the New York Stock Exchange currently in effect and, with respect to members of the Audit Committee, applicable regulations of the Securities and Exchange Commission.

In connection with Mr. Meurer's independence determination, the Board examined the personal relationships between Mr. Meurer and the Perot family. These relationships include Mr. Meurer's service as an unpaid trustee or co-trustee for 13 trusts that benefit members of Ross Perot's family, including Ross Perot, Jr. One of these trusts directly owns 2,050,000 shares of our Class A Common Stock and owns limited partnership interests constituting approximately 61.3% of the economic interest in HWGA, Ltd., a limited partnership having Ross Perot and Ross Perot, Jr. as its sole general partners. HWGA owns 29,655,000 shares of our Class A Common Stock. However, in its capacity as a limited partner of HWGA, the trust does not possess, either directly or indirectly, (i) the power to direct or cause the direction of management and policies of HWGA or (ii) voting or dispositive power over the Class A Common Stock owned by HWGA. Five of the remaining trusts, one of which has Ross Perot, Jr. as its principal beneficiary, own an aggregate of 136,800 shares (27,360 shares each) of our Class A Common Stock. After considering all relevant facts and circumstances, the Board determined Mr. Meurer's relationships were not material and do not impair the independence of Mr. Meurer.

In connection with Mr. Gallagher's independence determination, the Board examined Mr. Gallagher's service as a Life Trustee on the 130-member board of trustees for North Shore-Long Island Jewish Health System, a former client of ours, and his former service as its Chief Executive Officer. After considering all relevant facts and circumstances, the Board determined that Mr. Gallagher's relationships were not material and do not impair the independence of Mr. Gallagher.

In connection with Mr. Jordan's independence determination, the Board examined Mr. Jordan's role as one of our founders and his employment by us until his retirement in 1999. The Board also considered a personal loan made by Ross Perot to Mr. Jordan, which was repaid in 1999. After considering all relevant facts and circumstances, the Board determined that Mr. Jordan's relationships were not material and do not impair the independence of Mr. Jordan.

Stockholder Nominations and Nominee Review Process

The Nominating and Governance Committee will consider director candidates recommended by our stockholders. Perot Systems' Director Qualification Guidelines are publicly available at the Corporate

Responsibility section of our website (www.perotsystems.com/responsibility). Perot Systems stockholders who wish to recommend a director candidate should mail the candidate's resume, together with a letter from the candidate confirming his or her interest in serving as one of our directors, to Perot Systems Corporation, Attn: Nominating Committee/Corporate Secretary, 2300 West Plano Parkway, Plano, Texas 75075.

Once the Nominating and Governance Committee has identified a prospective candidate, the committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on the candidate's resume, as well as the Nominating and Governance Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The initial determination is also based on the likelihood that the prospective candidate meets the standards and qualifications set forth in Perot Systems' Director Qualification Guidelines, which include:

- the highest personal and professional ethics, integrity and values;
- broad-based skills and experience at an executive, policy-making level in business, government or technology areas relevant to our activities;
- a global business perspective;
- a willingness to devote sufficient time to become knowledgeable about our business and to carry out his or her duties and responsibilities effectively;
- a commitment to serve on the Board for five years or more at the time of his or her initial election;
- service on no more than two boards of public companies in addition to the board of the company by which they are primarily employed or serve as Chairman, unless approved by the Board; and
- between the ages of 40 and 70 at the time of his or her initial election.

The Nominating and Governance Committee also considers such other relevant factors as it deems appropriate, including the composition of the Board, the balance of management and independent directors, and financial or industry expertise. If the Nominating and Governance Committee determines that the candidate is qualified and interested, the committee coordinates a series of interviews between the candidate and appropriate directors, officers and other senior managers of Perot Systems. After conducting their evaluation, the Nominating and Governance Committee makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the committee.

Communications with Directors

Stockholders and other interested parties may send communications to the Board of Directors, the Audit Committee, and the Nominating and Governance Committee at the addresses set forth in the table below. Our Secretary is responsible for forwarding to appropriate directors all written communications addressed to the Board or its committees. In addition, transcripts of calls to our Confidential Hotline relating to accounting and financial matters are forwarded to the members of the Audit Committee.

Directors	Address
Board of Directors	By mail: Perot Systems Corporation Attn: Board of Directors/Corporate Secretary 2300 West Plano Parkway Plano, Texas 75075
Audit Committee	By mail: Perot Systems Corporation Attn: Audit Committee/Corporate Secretary 2300 West Plano Parkway Plano, Texas 75075 By e-mail: PSC-AuditCommittee@ps.net Telephone: +1 (800) 753-9173 (Confidential Hotline)
Nominating and Governance Committee	By mail: Perot Systems Corporation Attn: Nominating and Governance Committee/Corporate Secretary 2300 West Plano Parkway Plano, Texas 75075
Individual Directors	By mail: Perot Systems Corporation Attn: Name of Director/Corporate Secretary 2300 West Plano Parkway Plano, Texas 75075

Director Compensation

The Director Compensation Table below shows compensation for the year 2007 for our directors other than Messrs. Ross Perot, Ross Perot, Jr. and Peter Altabef, who receive no compensation for their services as directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Steven Blasnik	14,025	131,175	33,290				178,490
John S. T. Gallagher	71,000	86,200					157,200
Carl Hahn	31,025	131,175	33,445				195,645
DeSoto Jordan	61,000	86,200	12,254				159,454
Thomas Meurer	25,025	131,175					156,200
C. H. Moore, Jr.	79,000	86,200					165,200
Anthony J. Principi	67,000	86,200					153,200
Anuroop (Tony) Singh	25,025	131,175	12,989				169,189

(1) The value, calculated in accordance with the Statement of Financial Accounting Standards (FAS) No. 123R, "Share-Based Payment", of stock awards made in 2007. The assumptions used to calculate these values are set forth in Note 11, "Stock Options and Stock-Based Compensation," to our Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the

year ended December 31, 2007. Included for each director is a stock award granted on June 1, 2007, with an award date fair market value ("FMV") of $17.24 as determined in accordance with FAS 123R. In addition, with respect to each of Messrs. Blasnik, Hahn, Meurer and Singh, the following stock awards, which such directors elected to receive in lieu of a cash retainer, with the award date FMV determined in accordance with FAS 123R are included: December 31, 2006 $11,244, March 31, 2007 $11,240, June 30, 2007 $11,246, and September 30, 2007 $11,245. All stock awards vested immediately upon issuance and, therefore, there were no stock awards outstanding as of December 31, 2007.

(2) The value, calculated in accordance with FAS 123R, of options vesting in 2007. The assumptions used to calculate these values are set forth in Note 11, "Stock Options and Stock-Based Compensation," to our Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2007. Options were awarded prior to May 10, 2006, when the current compensation program for non-employee directors was implemented.

(3) The aggregate number of options outstanding for each non-employee director as of December 31, 2007 was as follows: 40,000 options for Messrs. Blasnik, Gallagher, Hahn and Meurer; 24,000 options for Messrs. Jordan and Moore; 16,000 options for Mr. Singh; and 8,000 options for Mr. Principi.

Each of the non-employee directors (other than Ross Perot) receives a $45,000 annual retainer payable in quarterly installments. These non-employee directors have the option to receive all or part of the retainer in our Class A Common Stock, which is valued at the closing price of our Class A Common Stock on the New York Stock Exchange on the last trading day of the fiscal quarter preceding the quarter with respect to which payment is due. In 2007, additional retainers for the Chairmen of the Audit Committee, the Human Resources and Compensation Committee, and the Nominating and Governance Committee were $12,000, $5,000, and $5,000, respectively. During 2007, each non-employee director (other than Ross Perot) was compensated $2,000 for each meeting of the Board of Directors attended in person or by telephone and $1,000 for each committee meeting attended in person or by telephone (including meetings held in conjunction with Board meetings). We reimburse our directors for their reasonable travel-related and other out-of-pocket expenses associated with attending Board and committee meetings. Ross Perot receives no compensation for his services.

Each of the non-employee directors (other than Ross Perot) participates in the 2006 Non-Employee Director Equity Compensation Plan (the "2006 Director Plan"), which provides for a grant to each eligible non-employee director of 5,000 shares of Class A Common Stock on each June 1 that the director is serving as a member of our Board of Directors. Upon their initial selection as directors, non-employee directors will receive an initial grant under the 2006 Director Plan that is a prorated portion of the 5,000 share annual grant. Shares received pursuant to the 2006 Director Plan are immediately vested. Directors have the option to irrevocably defer the receipt of shares received under the 2006 Director Plan to the date that the director's service terminates. From June 3, 2003 to May 10, 2006, Perot Systems' 1996 Non-Employee Director Plan provided for a grant to each eligible director of (i) an option to purchase 8,000 shares of our Class A Common Stock vesting one year after the date of grant or (ii) the right to purchase 8,000 restricted shares of our Class A Common Stock vesting one year after the date of grant. The exercise price of options or the purchase price of restricted shares of Class A Common Stock were required to be at least equal to 100% of the fair market value of the Class A Common Stock on the date of the award. The 1996 Non-Employee Director Plan terminated, except with respect to outstanding awards, upon the approval of the 2006 Director Plan at the 2006 Annual Meeting of Stockholders.

Corporate Governance Principles

Code of Conduct

We have adopted Standards & Ethical Principles to assist our directors, executive officers and other employees to recognize and deal with ethical issues in business situations, to provide mechanisms to report unethical conduct, and to promote a culture of honesty and accountability.

The Standards & Ethical Principles are publicly available at the Corporate Responsibility section of our website (www.perotsystems.com/responsibility). Stockholders may request a printed copy of these guidelines, without charge, from Perot Systems Corporation, Attn: Investor Relations, 2300 West Plano Parkway, Plano, Texas 75075, telephone 1-877-737-6973.

We intend to disclose all substantive amendments to the Standards & Ethical Principles on our website. In addition, we intend to disclose waivers, if any, granted to any of our directors or to our Chief Executive Officer, Chief Financial Officer, Controller and any other executive officer on our website.

Governance Guidelines

We have corporate governance guidelines. These guidelines are publicly available at the Corporate Responsibility section of our website (www.perotsystems.com/responsibility). We intend to disclose all substantive amendments to these guidelines on this website. Stockholders may request a printed copy of these guidelines, without charge, from Perot Systems Corporation, Attn: Investor Relations, 2300 West Plano Parkway, Plano, Texas 75075, telephone 1-877-737-6973.

PROPOSAL NO. 2

AMENDMENT, RENEWAL AND EXTENSION OF OUR EMPLOYEE STOCK PURCHASE PLAN

Background

In March 1999, we implemented our 1999 Employee Stock Purchase Plan, which was approved by our Board of Directors and stockholders in 1998. In May 2000, our stockholders approved the division of this plan into two plans, the Employee Stock Purchase Plan/U.S. (the "U.S. Plan") and the Employee Stock Purchase Plan/Non-U.S. (the "International Plan"). The purpose of the plans is to encourage and assist our employees and employees of our participating subsidiaries to purchase our Class A Common Stock through payroll deductions.

On March 12, 2008, our Board adopted, subject to stockholder approval, amendments to the plans to (i) extend their terms by ten years, through July 16, 2018, and (ii) reduce the aggregate number of shares reserved for purchase under the plans by 10,000,000 shares to an aggregate of 10,000,000 shares of Class A Common Stock, including shares previously issued and shares to be issued in the future under the plans. Our Board also made administrative changes to the plans.

Proposal and Required Vote

We are asking the stockholders to approve the amendment and restatement of the plans. Approval of the amended and restated plans requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting of stockholders at which a quorum of the voting power must be represented. If the stockholders do not approve the amendment and restatement of the plans, they will continue in effect until their currently scheduled July 16, 2008 expiration date. For the effects of abstentions and broker non-votes on this proposal see, **"Voting and Solicitation Broker Non-Votes and Abstentions"** above.

Plan Summary

We have summarized the principal features of the plans, as amended and restated. The plans are attached as Appendices A and B to this proxy statement. The principle features of the U.S. Plan and the International Plan are identical, except to the extent necessary for the U.S. Plan to comply with Sections 421 and 423 of the Internal Revenue Code. The following summary does not purport to be a complete description of all provisions of the amended and restated plans.

Administration. The plans are administered by the HR Committee which has full authority to adopt administrative rules and procedures and to interpret the provisions of these plans.

Share Reserve. As amended and restated, the plans authorize an aggregate of 10,000,000 shares of Class A Common Stock to be sold and issued to eligible employees. As of March 12, 2008, 4,849,038 shares and 242,054 shares of Class A Common Stock had been issued under the U.S. Plan and the International Plan, respectively, and we have 4,908,908 shares available for future issuance under the plans (as we propose to amend them). We may issue shares under the plans from authorized but unissued shares of Class A Common Stock or from shares of Class A Common Stock repurchased by the Company, including shares repurchased on the open market. The HR Committee will make appropriate adjustments in the aggregate number of shares subject to the plans in the event of any merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by Perot Systems. Shares of Class A Common Stock subject to options under the plans that are not exercised for any reason will remain available for issuance.

Participation. Certain employees of the Company and most of its subsidiaries are eligible to participate in the plans based upon which plan his or her employer participates. An "Eligible Associate" is generally one of our regular employees who works at least 20 hours per week on a regular basis and is not engaged under an independent contractor or similar agreement, whether or not such person is determined to be an independent contractor. An otherwise Eligible Associate who owns five percent or more of our outstanding Class A Common Stock may not purchase shares under either plan.

Contributions and Purchases. Eligible Associates may make contributions to the applicable plan in an amount up to 10% of his or her eligible regular compensation, including wages, salary, bonuses and commissions, for a pay period. Participating Eligible Associates are granted the right to purchase shares of Class A Common Stock at a price equal to 85% of the fair market value of the Class A Common Stock on the exercise date for each offering period, provided that no participant may purchase more than $25,000 of Class A Common Stock (valued at the time the purchase right is granted) during any calendar year.

Market Price. On March 12, 2008, the closing price of Class A Common Stock, as reported on the New York Stock Exchange, was $13.84 per share.

Offering Periods. Each offering period currently starts on the first day of the second month of a calendar quarter and ends on the last day of the first month of the following calendar quarter. There will be a shortened offering period from May 1 to June 30, 2008 and starting on July 1, 2008, we will align the offering periods with calendar quarters. The exercise date is the last day of the applicable offering period. As soon as practical after each exercise date, we will issue a stock certificate to each participant or to the plan custodian for the benefit of the participants for the number of shares purchased on that exercise date.

Withdrawal. Unless a participating Eligible Associate has withdrawn from the applicable plan at least one business day before an exercise date, we will use all amounts withheld from the participant's paycheck during the applicable offering period to purchase the maximum number of whole shares of Class A Common Stock that may be bought pursuant to the terms of the applicable plan. If the funds withheld from the participant's paycheck during the applicable offering period exceed the funds necessary to purchase a number of whole shares of Class A Common Stock by less than the fair market value of a whole share, we will carry forward the excess amount to the next offering period.

Additional Terms. During an offering period, a participating Eligible Associate may not change the percentage of his or her payroll deductions contributed to the applicable plan, except by withdrawing from the applicable plan. To withdraw from a plan, a participant must complete and deliver a withdrawal agreement to our stock administrator. As soon as practical after receiving the withdrawal agreement, contributions to the applicable plan will cease and the participant will receive a refund of any amounts previously withheld that have not been used to purchase shares. No participant may purchase more than $25,000 of Class A Common Stock in any calendar year, measured using the fair market value of a share of Class A Common Stock on the date the applicable option is granted.

Change-in-Control. In the event of a sale of substantially all of our assets or a merger or similar transaction in which we are not the surviving corporation or after which our historic shareholders do not own more than 50% of the voting shares of the resulting corporation, then, the exercise date for the applicable offering period will be accelerated to the date of such transaction, and the payroll deductions of the participants made through the exercise date will be used to purchase Class A Common Stock immediately prior to the transaction and all further rights of the participants will terminate, unless otherwise provided by the Board.

Share Proration. Should the total number of shares of Class A Common Stock to be purchased pursuant to outstanding purchase rights on any particular date exceed the total number of shares then available for issuance under the plans, the plan administrator will make a prorata allocation of the available shares on a uniform and nondiscriminatory basis, and the payroll deductions of each participant, to the extent in excess of the aggregate purchase price payable for the Class A Common Stock prorated to such individual, will be refunded.

Stockholder Rights. No participant has any stockholder rights with respect to the shares covered by his or her purchase rights until the shares are actually purchased on the participant's behalf and issued by us. Other than in connection with changes to our capitalization as described above, no adjustment will be made for dividends, distributions or other rights for which the record date is prior to the date of such purchase.

Assignability. Purchase rights are not assignable or transferable by the participant, and the purchase rights are exercisable only by the participant.

Termination of Employment; Leave of Absence. If a participant's employment with the Company or a participating affiliate terminates on or before an exercise date, the participant will be deemed to have elected to withdraw from the applicable offering period effective as of the date the participant's employment terminated. As soon as practical after a participant's termination of employment, we will refund all amounts withheld pursuant to either plan that have not been used to purchase Class A Common Stock from the Company or otherwise refunded, and distribute any shares held on the participant's behalf to the participant or the participant's designee.

If a participant begins an approved leave of absence during an offering period, the participant will remain in the applicable plan for that offering period and each subsequent offering period, provided that the leave of absence does not exceed the greater of 90 days or the period during which such participant's right to reemployment with us is guaranteed either by statute or contract. If a participant's approved leave of absence exceeds this period, the participant will stop participating in the plan immediately thereafter.

Amendments to and Termination of the Plans. The HR Committee may amend the plans without notice, at any time, subject to certain restrictions set forth in the plans. The plans will each automatically terminate on the earlier of (i) July 16, 2018, (ii) the date all shares authorized to be sold under the plans have been sold, or (iii) the date the HR Committee terminates the applicable plan.

The HR Committee may at any time alter, suspend or terminate either or both of the plans. However, the HR Committee may not, without stockholder approval, (i) increase the number of shares issuable under either plan, (ii) alter the purchase price formula to reduce the purchase price, or (iii) modify the requirements for eligibility to participate in either plan.

Plan Benefits. We cannot determine future benefits that will be received by participants in the plans. The following table shows, as to the listed individuals and specified groups, the number of shares of

Class A Common Stock allocated to participants under the plans between January 1, 2007 and December 31, 2007:

2007 PLAN BENEFITS

1999 Employee Stock Purchase Plan

Name and Principal Position	**Aggregate Shares Purchased in Year Ended 12/31/2007**
Peter A. Altabef *President and Chief Executive Officer*	
Ross Perot, Jr. *Chairman*	
Russell Freeman *Vice President and Chief Operating Officer*	
James Champy *Vice President*	
John E. Harper *Vice President and Chief Financial Officer*	
Executive Group(11)	1,383
Non-Executive Director Group(9)	
Non-Executive Officer Employee Group	754,312

U.S. Federal Tax Consequences

The U.S. Plan is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. Under a Section 423 plan, no taxable income will be recognized by a participant, and no deductions will be allowable to us, upon either the grant or the exercise of the purchase rights. The participant will not recognize taxable income until there is a sale or other disposition of the shares acquired under the U.S. Plan or the death of the participant.

If a participant sells or otherwise disposes of the purchased shares within two years after his or her entry date into the offering period in which such shares were acquired or within one year after the actual quarterly purchase date of those shares, the participant will recognize ordinary income in the year of sale or disposition equal to the amount by which the fair market value of the shares on the purchase date exceeded the purchase price paid for those shares, and we will be entitled to an income tax deduction for the taxable year in which such disposition occurs equal in amount to such excess. The participant will also recognize a capital gain to the extent the amount realized upon the sale of the shares exceeds the sum of the aggregate purchase price for those shares and the ordinary income recognized in connection with their acquisition. If the participant sells or disposes of the purchased shares more than two years after his or her entry date into the offering period in which the shares were acquired and more than one year after the actual quarterly purchase date of those shares, the participant will recognize ordinary income in the year of sale or disposition equal to the lesser of (i) the amount by which the fair market value of the shares on the sale or disposition date exceeded the purchase price paid for those shares or (ii) 15% of the fair market value of the shares on the participant's entry date into that offering period; and any additional gain upon the disposition will be taxed as a long-term capital gain. We will not be entitled to an income tax deduction with respect to such disposition.

If the participant still owns the purchased shares at the time of death, the lesser of (i) the amount by which the fair market value of the shares on the date of death exceeds the purchase price or (ii) 15% of the fair market value of the shares on his or her entry date into the offering period in which those shares were acquired will constitute ordinary income in the year of death.

Accounting Treatment

Under the accounting principles currently applicable to these types of employee stock purchase plans, the fair value of each purchase right granted will be charged as a direct compensation cost to Perot Systems' reported earnings over the offering period to which that purchase right pertains. The fair value of each such purchase right will be determined as of its grant date.

We must have a sufficient number of shares approved for issuance under the plans at the beginning of each offering period for all purchases made during the offering period. If additional shares need to be authorized during an offering period, we may delay the measurement date for the compensation cost of the purchase rights granted in that offering period which may result in a greater charge to our reported earnings for that offering period. The measurement date for the compensation cost associated with such purchase rights will be delayed until the date the share increase is approved.

THE BOARD RECOMMENDS THAT THE OWN STOCKHOLDERS VOTE "FOR" THE AMENDMENT, RENEWAL AND EXTENSION OF THE EMPLOYEE STOCK PURCHASE PLAN.

PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected PricewaterhouseCoopers LLP as the independent registered public accounting firm to perform the audit of our financial statements for 2008. PricewaterhouseCoopers LLP was our independent registered public accounting firm for the year ended December 31, 2007.

We are asking our stockholders to ratify the selection of PricewaterhouseCoopers as our independent registered public accounting firm. Although ratification is not required, the Board is submitting the selection of PricewaterhouseCoopers to our stockholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and the best interests of our stockholders.

PricewaterhouseCoopers' representatives are expected to attend our 2008 Annual Stockholders' Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions.

Fees Paid to PricewaterhouseCoopers LLP

The following table shows the aggregate fees PricewaterhouseCoopers has billed or is expected to bill us for services rendered in 2007 and 2006.

Year	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)	Total
2007(5)	$ 2,713,000	$ 6,000	$ 21,428	$ 4,838	$ 2,745,266
2006	$ 2,837,000	$ 2,000	$ 55,245	$ 3,846	$ 2,898,091

(1) Fees for our annual audit and review of interim financial statements, various statutory audits, and consultations on the accounting for existing transactions.

(2) Fees for services including audits of an employee benefit plan and special purpose audits in foreign countries.

(3)
Fees for compliance and tax advisory services.

(4)
Subscription fee to an online accounting research tool and a salary survey for operations in a certain foreign country.

(5)
Amounts include estimates that have not been billed.

In 2007, all audit related services, tax services and other services were pre-approved by the Audit Committee or its Chairman. The Audit Committee concluded that the provision of such services by PricewaterhouseCoopers was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. See **"Report of the Audit Committee."** Our policy restricting the engagement of our independent registered public accounting firm requires that all audit, review and attestation services be approved by the Audit Committee prior to us engaging the audit firm.

In addition, our policy regarding the engagement of our independent registered public accounting firm provides that the Audit Committee or its Chairman may pre-approve the engagement of the accounting firm for services in designated areas for fees that do not exceed the pre-approved limit. For 2008, the Audit Committee has approved the following types of services:

Audit Related Services pension and benefit plan audits, separate audit reports on subsidiaries, other statutory reports not included in audit services, and advice on generally accepted accounting principles applicable to prospective transactions and business combinations.

Tax Services tax accounting advice on international, federal, and state tax matters, assistance with tax examinations, tax advice on prospective transactions and business combinations, and compliance reviews.

Other Services annual subscription fee for accounting research tool and salary surveys for operations in foreign countries.

Our policy requires quarterly reports to the Audit Committee on billings for pre-approved services. All amounts in excess of pre-approved amounts for these services must be specifically approved by the Chairman of the Audit Committee and reported to the full Audit Committee no later than its next regular meeting.

The Audit Committee or its Chairman may also approve specific engagements for non-audit services. Following such approval, we may engage the auditor to perform those services. Any approval by the Chairman must be reported to the full Audit Committee no later than its next regular meeting.

THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table shows the number of shares of Class A Common Stock beneficially owned as of March 12, 2008 by:

- each person who we know beneficially owns more than 5% of our Class A Common Stock;
- each director;
- the Chief Executive Officer, the Chief Financial Officer, and the other executive officers required to be named in the Summary Compensation Table; and
- all executive officers and directors as a group.

	Class A Common Stock	
	Number of Shares Beneficially Owned(1)	**Percent of Ownership(1)**
Executive Officers and Directors		
Peter A. Altabef(2)	552,107	*
Ross Perot, Jr.(3)	31,040,000	25.8%
Russell Freeman(4)	473,512	*
James Champy(5)	1,077,286	*
John E. Harper(6)	45,889	*
Steven Blasnik(7)	118,199	*
John S.T. Gallagher(8)	50,000	*
Carl Hahn(9)	149,852	*
DeSoto Jordan(10)	95,003	*
Thomas Meurer(11)	2,255,652	1.9%
C. H. Moore, Jr.(12)	34,000	*
Ross Perot(13)	29,713,100	25.0%
Anthony J. Principi(14)	18,000	*
Anuroop (Tony) Singh(15)	35,210	*
All Executive Officers and Directors as a Group (16 Persons)(16)	35,236,774	29.0%
Additional 5% Beneficial Owners		
HWGA, Ltd.(17)	29,655,000	24.9%
Royce & Associates, LLC(18)	13,079,372	11.0%
FMR LLC(19)	9,356,359	7.9%

* Less than 1%

(1) Percentages are based on the total number of shares of Class A Common Stock outstanding at March 12, 2008, plus the total number of outstanding options and warrants held by each person that are exercisable within 60 days of such date. We do not consider shares of Class A Common Stock issuable upon exercise of outstanding options and warrants to be outstanding for purposes of computing the ownership percentage of any other person. Except as indicated in the footnotes to this table, other than shared property rights created under joint tenancy or marital property laws between our directors and executive officers and their respective spouses, each stockholder named in the table has sole voting and investment power with respect to the shares of Class A Common Stock set forth opposite such stockholder's name. The shares of Class A Common Stock listed

include shares held by our Retirement Savings Plan and Trust for the benefit of the named individuals. Participants in the plan have investment and voting power over shares held for their benefit.

(2) Includes 361,000 shares of Class A Common Stock that Mr. Altabef has the right to acquire upon the exercise of vested options.

(3) Includes 29,655,000 shares of Class A Common Stock owned by HWGA, Ltd.; 10,000 shares owned by The Perot Foundation; 5,000 shares owned by Ross Perot, Jr.'s spouse; and 1,370,000 shares that Ross Perot, Jr. has the right to acquire upon the exercise of vested options. Ross Perot, Jr. disclaims beneficial ownership of the shares his spouse holds. Ross Perot, Jr. is a general partner of HWGA. Ross Perot, our Chairman Emeritus, is the managing general partner of HWGA. If Ross Perot ceases to be managing general partner, Ross Perot, Jr. will have authority to manage HWGA. Accordingly, the table also shows Ross Perot beneficially owning the shares that HWGA owns. Ross Perot, Jr. is a director of The Perot Foundation. The address for Ross Perot, Jr. is 2300 West Plano Parkway, Plano, Texas 75075, and the address of HWGA and The Perot Foundation is P.O. Box 269014, Plano, Texas 75026-9014.

(4) Includes 424,000 shares of Class A Common Stock that Mr. Freeman has the right to acquire upon the exercise of vested options.

(5) Includes 200,000 shares of Class A Common Stock the Champy Family Irrevocable Trust, of which Mr. Champy is a trustee, holds. As trustee, Mr. Champy shares voting and investment power with respect to the shares of Class A Common Stock the Champy Family Irrevocable Trust holds, and therefore, the table shows him as the beneficial owner of such shares of Class A Common Stock. Includes 102,000 shares of Class A Common Stock that Mr. Champy has the right to acquire upon the exercise of vested options.

(6) Includes 35,800 shares of Class A Common Stock that Mr. Harper has the right to acquire upon the exercise of vested options.

(7) Includes 40,000 shares of Class A Common Stock that Mr. Blasnik has the right to acquire upon the exercise of vested options and 6,000 shares of Class A Common Stock that Mr. Blasnik's spouse holds. Mr. Blasnik disclaims beneficial ownership of the shares that his spouse holds.

(8) Includes 40,000 shares of Class A Common Stock that Mr. Gallagher has the right to acquire upon the exercise of vested options.

(9) Includes 40,000 shares of Class A Common Stock that Mr. Hahn has the right to acquire upon the exercise of vested options.

(10) Includes 24,000 shares of Class A Common Stock that Mr. Jordan has the right to acquire upon the exercise of vested options.

(11) Includes 2,050,000 shares owned by the Perot Family Trust and 136,800 shares owned by Perot Investment Trusts I V (together with the Perot Family Trust, the "Trusts") of which Mr. Meurer is trustee. As trustee, Mr. Meurer holds or shares voting and investment power with respect to the shares of Class A Common Stock held by the Trusts and, therefore, the table shows him as the beneficial owner of such shares of Class A Common Stock. Also includes 40,000 shares of Class A Common Stock that Mr. Meurer has the right to acquire upon the exercise of vested options.

(12) Includes 24,000 shares of Class A Common Stock that Mr. Moore has the right to acquire upon the exercise of vested options.

(13) Includes 29,655,000 shares of Class A Common Stock owned by HWGA, Ltd.; 10,000 shares owned by The Perot Foundation; 4,000 shares owned by Petrus Financial Services Limited, a Texas limited partnership; and 100 shares owned by Ross Perot's spouse with respect to which Mr. Perot disclaims beneficial ownership. Ross Perot, our Chairman Emeritus, is

the managing

general partner of HWGA. Ross Perot has voting and investment power over shares owned by HWGA. Ross Perot, Jr., our Chairman of the Board, is a general partner of HWGA and has authority to manage HWGA if Ross Perot ceases to be managing general partner of HWGA. Accordingly, the table also shows Ross Perot, Jr. beneficially owning the shares that HWGA owns. Ross Perot is a director and officer of The Perot Foundation. Petrus Financial Services Limited is an affiliate of Ross Perot. The address for Ross Perot, HWGA, The Perot Foundation and Petrus Financial Services Limited is P.O. Box 269014, Plano, Texas 75026-9014.

(14) Includes 8,000 shares of Class A Common Stock that Mr. Principi has the right to acquire upon the exercise of vested options.

(15) Includes 16,000 shares of Class A Common Stock that Mr. Singh has the right to acquire upon the exercise of vested options.

(16) In addition to the 14 listed officers and directors, Darcy Anderson, Jeff Renzi and Thomas D. Williams are executive officers and, therefore, are included in the group of 16 persons. Includes 2,673,700 shares of Class A Common Stock that the Executive Officers and Directors have the right to acquire upon the exercise of vested options.

(17) Shares are also shown as beneficially owned by Ross Perot and Ross Perot, Jr.

(18) This data is based on information contained in Amendment No. 6 to Schedule 13G filed by Royce & Associates, LLC with the Securities and Exchange Commission on January 31, 2008. The address for Royce & Associates, LLC is 1414 Avenue of the Americas, New York, NY 10019.

(19) This data is based on information contained in Schedule 13G filed by FMR LLC with the Securities and Exchange Commission on February 14, 2008. The address for FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.

EXECUTIVE COMPENSATION

This compensation discussion and analysis ("CD&A") is intended to provide information about our compensation objectives and policies for our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers ("named executives") that will place in perspective the information contained in the tables that follow this discussion. Our CD&A is organized as follows:

Objectives of Our Compensation Program. In this section, we describe our compensation philosophy, related operating principles, and activities we have undertaken in benchmarking compensation against market practices.

Share Ownership and Retention Guidelines. We provide a description of the share ownership and retention guidelines applicable to our named executives as well as our policy on hedging the economic risk of ownership of our Common Stock.

Role of Executive Officers in Compensation Decisions. We describe the role of our executive officers in making compensation decisions.

Elements of Compensation. We describe the types of compensation payable to our named executives.

Analysis of 2007 Compensation. Following the general explanation of our various pay elements in this section, we provide more detail on the basis of compensation for our named executives in 2007.

Regulatory Considerations. In this section we discuss the impact of various regulatory requirements on decisions regarding executive compensation.

We provide information about our HR Committee and the processes it uses in determining the compensation of our named executives in the section of the Proxy Statement dealing with corporate governance matters.

Objectives of our Compensation Programs

We are a global information technology services company. We have a growth strategy and our goal as a company is to effectively execute this business strategy to create value for our investors. We base our compensation programs on our business needs and challenges and intend for those programs to support the achievement of our strategy and shareholder value creation through the following:

A linkage between compensation and performance, including business results as well as individual performance;

The use of equity compensation to align our executive officers' financial interests with those of shareholders;

Compensation levels consistent with market practices that enable us to recruit and retain associates capable of executing our business strategies;

Limited use of perquisites and other forms of non-cash benefits in order to avoid an entitlement mentality, reduce costs, and reinforce a pay-for-performance philosophy; and

Flexibility to adjust to changing business needs in a fast-paced business environment.

Market Benchmarking

We consider market pay levels as one of the important factors in assessing the supply of and demand for senior leadership. Our objective is to position ourselves around the middle of market practice. To provide a frame of reference in evaluating the reasonableness and competitiveness of compensation, information on market pay levels is obtained from various sources, including nationally recognized

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compensation surveys, information taken from Securities and Exchange Commission filings of selected, publicly-traded benchmark companies, and first-hand experience obtained from the marketplace in hiring associates.

More specifically, our philosophy has been to target base salaries, annual bonuses, and long-term stock incentives for our executive officers at the median of the benchmark companies. We have traditionally not provided our executives with retirement plans (other than our tax-qualified 401(k) program), significant perquisites or contractual severance benefits (other than in connection with a change-in-control), and we believe that our benefits relating to those elements are generally significantly lower than those provided by the benchmark companies.

With respect to the Chairman's compensation, the Chairman elected, at the time he stepped down as our Chief Executive Officer in 2004, not to receive annual incentive bonuses in his capacity as Chairman. In addition, the Chairman has not received an equity award since 2001 because his awards in 2000 and 2001 were designed to provide, and the Incentive Compensation Sub-Committee believes are providing, adequate long-term equity compensation and incentive for him through the period over which the awards vest.

Excluding the Chairman's compensation, which is discussed above, the compensation of the named executive officers was, on average, near the median of the benchmark companies with respect to 2007 base salaries. For 2007, management determined and the Incentive Compensation Sub-Committee agreed that our financial performance did not support the payment of incentive bonuses for our executive officers. Therefore, annual incentive compensation was significantly lower than the median of benchmark companies. The value of our long term incentive compensation for 2007 for our named executive officers was below the median of the benchmark companies. In making equity awards to our named executive officers, our Incentive Compensation Sub-Committee is limited by the total number of shares that the Board makes available for all equity awards to our associates and the desired level of awards to associates other than the named executive officers. Our total share usage under long-term stock incentives, including the number of shares granted annually as a percentage of total shares outstanding and the expense of all stock awards granted annually as percentage of market capitalization, is targeted to be at or slightly below the benchmark median.

F.W. Cook, our HR Committee's consultant, annually gathers information on pay levels and practices for a group of comparable, publicly-traded information technology services companies that are based in the United States. Our management and the HR Committee's consultant periodically review and evaluate the benchmark companies in light of our development and growth, as well as merger and acquisition activity in the industry. For 2006, this group included all U.S.-based companies in the Hemscott Group Information Technology Services Index, except those that were substantially smaller than us, as well as other comparable companies with which we compete. The benchmark companies in 2007 included Accenture, Affiliated Computer Services, Alliance Data Systems, Anteon International, BearingPoint, CACI International, Cerner, CIBER, Cognizant Technology Solutions, Computer Sciences, Electronic Data Systems, First Consulting Group, Fiserv, Keane, NCR, and Unisys. For each comparable company, the HR Committee's consultant collects information regarding total compensation levels for named executives (including base salary, annual bonus, long-term incentives, and other compensation), dilution from stock incentives, share usage under stock incentive plans (including the number of shares granted annually as a percentage of total shares outstanding and the expense of all stock awards granted annually as a percentage of market capitalization), retirement practices, and other related items. The HR Committee's consultant summarizes and reviews this information with the HR Committee, as well as information from a leading published compensation survey.

Share Ownership and Retention Guidelines

We believe that our named executives should have a significant equity interest in the Company. In order to promote equity ownership and further align the interests of our named executives with our shareholders, we have restricted the ability of our named executives to sell a portion of the shares of our Class A Common Stock received upon the vesting of their restricted stock units until the applicable stock ownership guideline is met. Our stock ownership guidelines vary based upon position and are expressed as a number of shares, ranging from 150,000 shares for our Chief Executive Officer to 50,000 shares for other named executives. Until the applicable guideline is met, each named executive is required to retain 30% of any shares received upon the vesting of his or her restricted stock units. Only shares actually owned by the named executive are counted for purposes of determining whether the applicable ownership guideline is met. The program is subject to periodic review by the HR Committee. All named executives are in compliance with the terms of this program.

We prohibit the purchase or sale of uncovered options, puts, calls, or other derivative securities in our Class A Common Stock by our employees. However, we do not have a policy prohibiting named executives from hedging risk in our securities by purchasing or selling options, puts, calls, or other derivative securities.

Role of Executive Officers in Compensation Decisions

Our associates, including executive officers, prepare and assemble materials for the HR Committee. Our Chief Executive Officer also annually reviews and rates the performance of each of the named executives (other than the Chairman and the Chief Executive Officer, each of whose performance is assessed by the HR Committee). Following a review with the members of our Executive Committee, which includes our Chairman, the Chief Executive Officer recommends to the HR Committee and its Incentive Compensation Sub-Committee salary adjustment, annual bonus and long-term award amounts for each such named executive based on market information, that named executive's performance review, and on the Chief Executive Officer's view of the named executive's role in the Company, scope of responsibilities, experience and skills. In 2007, the final determination of salary adjustments, annual bonuses, and equity awards was made by the HR Committee with respect to salary and by the Incentive Compensation Sub-Committee with respect to annual incentive awards and equity awards for each of the named executives.

Prior to the recommendation to the HR Committee by our management of the structure of the annual incentive program, and the measures, targets and ranges that are the principal factors used by the HR Committee to determine annual incentive payments under the program, for our executive officers (including the Chief Executive Officer), our Chief Executive Officer reviews and approves those recommendations. The program is applicable to all executive officers, including our Chief Executive Officer. Our Chief Executive Officer attends HR Committee meetings, including the portions relating to the measures, targets and ranges discussed above. However, our Chief Executive Officer does not attend those portions of HR Committee meetings involving the discussion of, and action on, the Chief Executive Officer's compensation. Our Chief Executive Officer has occasional meetings with the HR Committee's compensation consultant, principally to discuss plan design issues and the compensation of our executives.

Elements of Compensation

This section describes each element of executive compensation, the objective of each element and how it fits into our overall program, and the basis for allocations among those elements. We discuss details on the application of our compensation policies and programs to named executives' compensation for 2007 below under ***"Analysis of 2007 Compensation."***

Long-Term Stock Incentives

Stock incentive awards are a critical element of the total compensation program for our named executives. We have designed this element of compensation to reward recipients for increases in our stock price over time. We believe that stock incentive awards are a key element in driving the creation of value for investors. In addition, these awards assist us in attracting and retaining senior leadership capable of effectively executing our business strategies. Stock awards vary depending on the named executive's role in the Company, scope of responsibilities, and experience and skills.

We award stock incentive compensation because we believe that it supports our key compensation objectives in the following ways:

- Linking compensation and the performance of the Company;
- Aligning the named executives' interests with those of shareholders;
- Assisting in the retention of named executives by providing compensation that is subject to the satisfaction of multi-year service requirements; and
- Attracting named executives interested in building long-term value for our shareholders, as stock compensation is a key element of competitive pay packages for named executives.

Our long-term incentive program currently consists of a blend of two types of awards:

- Stock Options We set the exercise price of stock options at the closing market price of our stock on the date of grant, with options generally vesting in annual installments over five years beginning one year after grant. We believe that this design gives executives an incentive to increase share price and requires continued service over several years in order to realize potential gains; and
- Restricted Stock Units As with stock options, restricted stock units generally vest in annual installments over five years beginning one year after grant. In addition to continued service, the vesting of restricted stock units for any year is contingent upon the receipt of a satisfactory performance review for the prior year. We intend for restricted stock units to encourage the retention of named executives, while providing a continuing incentive to increase shareholder value and achieve individual performance objectives.

In December 2007, the Board of Directors approved a policy pursuant to which annual equity awards are made on March 15 of each year (or, if that date is not a trading day, the immediately preceding trading day). The annual stock option grants have an exercise price equal to the closing price of our Class A Common Stock on the date of grant. Management recommended, and the Board approved, this grant date to coincide with the timing of individual performance reviews for the prior year. As a result of the proximity of the annual grant date to the date our Form 10-K is typically filed, we believe that we are unlikely to have material non-public information at the time the grant is made. Grants outside of the annual award process, such as grants to a newly hired or promoted associate, occur on the last Thursday of the month in which the grant was approved unless the grant is approved following such Thursday, in which case the grant will be made on the last Thursday of the month following approval. Equity awards outside of the annual award process also have an exercise price equal to the closing trading price of our Class A Common Stock on the date of grant.

While stock is a major component of executive compensation, we use other elements to provide an integrated and competitive total pay package.

Base Salary

Base salaries are a significant portion of a named executive's compensation and are based on a named executive's role in the Company, scope of responsibilities, and experience and skills. We also consider market practices in setting salaries. We intend base salaries to assist us in attracting executives and

recognizing differing levels of responsibility and contribution among named executives. Salary represents a smaller percentage of total compensation for more senior executives than for less senior executives, with a greater percentage of more senior executives' compensation being tied to performance and share price. The timing of changes in base salaries is based on the timing of our individual performance reviews.

Annual Incentive Bonuses

In addition to stock compensation and salary, annual bonuses paid in cash are the other significant piece of total compensation for our named executives. We pay annual bonuses to reward the achievement of goals and because they are a key tool in attracting and retaining executives due to their market prevalence. In addition, annual bonuses add a variable component to our overall cost structure.

The Incentive Compensation Sub-Committee of the HR Committee annually reviews the plan design, performance measures and goals, and target bonuses for our named executives. The Incentive Compensation Sub-Committee provides for annual incentives (or bonuses) for named executives based on whether we achieve financial performance and other targets, except with respect to our Chairman who does not participate in our short-term incentive program. The timing of our annual bonuses is based on the timing of our individual performance reviews and the determination of whether we have achieved our financial and business goals for the year. The HR Committee exercises discretion in determining whether the goals have been achieved and the final amount of annual bonuses for the named executives. We do not have a policy on the adjustment or recovery of awards or payments if the relevant measures on which the awards or payments are based are restated in the future.

We designed our 2007 annual bonus program to reward the achievement of our financial goals and other business goals, including corporate and business unit goals, as well as individual performance. For 2008, we designed the program to reward the achievement of our corporate financial goals and individual performance.

Retirement Benefits

We do not have a traditional pension program. Our retirement program for U.S. associates consists of a 401(k) program, which named executives participate in under the same terms and provisions as other eligible associates. We match the individual associate's contribution to the program, up to 4% of the associate's cash compensation. Associate contributions to the 401(k) program for our named executives, as well as other more highly compensated associates are limited by federal law. We have not made up for the impact of these statutory limitations on named executives through any type of nonqualified deferred compensation or other program.

Other Benefits and Perquisites

In general, we have historically avoided the use of perquisites and other types of non-cash benefits for named executives in an effort to avoid an entitlement mentality and to reinforce a pay-for-performance orientation.

Change-in-Control Severance Benefits

We have entered into change-in-control severance agreements with each of our named executives. In the event that we have a change in control and a named executive's employment is terminated without cause or the named executive terminates his employment for good reason, the named executive would be entitled to receive the payments and benefits described under **"Employment Contracts and Change-in-Control Agreements *Change-in-Control and Severance Agreements*"** below. We selected a double trigger for change-in-control benefits to provide named executives with protection from the financial consequences of sudden termination without cause following a change in control and to enable us to retain the services of the named executive during the period in which there is a change-in-control transaction under consideration. In addition, we believe that this protection is important to our ability to recruit and retain named executives. However, we did not consider it necessary to provide for change-in-control benefits that would be realized by a named executive absent an actual or constructive termination of his employment.

At the time our change-in-control severance benefits were initiated, the HR Committee determined the level of benefits payable under, and the trigger mechanisms utilized in, our change-in-control program by considering the benefits payable to comparable executives of the same benchmark companies examined by the HR Committee with respect to other elements of executive compensation. The HR Committee then applied its judgment to determine whether the level of benefits payable under, and trigger mechanisms utilized in, the change-in-control programs of the benchmark companies were necessary to meet our objectives of providing adequate economic security to our executive officers to preserve management through potential changes in control and retaining and recruiting executives.

We believe that the benefits payable under, and the trigger mechanisms utilized in, our change-in-control program are comparable to the benchmark companies with three exceptions. First, the HR Committee determined that, although the majority of benchmark companies provide for a severance amount equal to 2.99 times annual salary and bonus for one or more executive officers, a severance amount two times annual salary and a bonus allowance provides adequate economic security to our executive officers to meet our objectives of preserving management through potential changes in control and retaining and recruiting executives. Second, the HR Committee determined that it would use a bonus allowance rather than actual bonuses, which are used by most benchmark companies, to eliminate potential fluctuation in the potential change-in-control benefit from year to year. Third, the HR Committee determined that, although a majority of benchmark companies provide for automatic acceleration of equity awards upon a change-in-control, a trigger mechanism that also requires termination of employment by us without cause, or by the executive officer with good reason, would provide adequate economic security to our executive officers to meet the goal of preserving management through potential changes in control and would be satisfactory to meet the goal of retaining and recruiting executives.

The HR Committee generally views the potential benefits under the change-in-control program as a separate compensation element because benefits under the program are not expected to be paid in a particular year and serve a different purpose for the executive than other elements of compensation. Therefore, the benefits under the change-in-control program do not significantly affect decisions regarding other elements of compensation.

Other Severance Benefits

In the event of a termination without cause or by Mr. Champy for good reason (in each case, not in connection with a change-in-control), Mr. Champy would be entitled to receive six months' of his base salary as severance under his employment agreement which was entered into in 1996.

Our other named executives do not have contractual severance rights absent a change in control of the Company, and the amount of any severance would be determined at the time of the named executive's departure.

Elements of Compensation and Compensation Objectives

The HR Committee and the Incentive Compensation Sub-Committee target each of base salary, annual incentive bonus, and equity award components of a named executive officer's compensation near the median for that component of compensation for executives of the benchmark companies. While the HR Committee and the Incentive Compensation Sub-Committee also consider the total compensation of each named executive officer and, therefore, the relationship between these components of compensation, they generally view these components independently and decisions regarding one element are not typically influenced by decisions regarding other elements. However, the HR Committee and the Incentive

Compensation Sub-Committee may use their discretion, as they deem appropriate, to adjust the components of a named executive officer's compensation to assure that the named executive's overall compensation is appropriate in their view. Specifically, the Incentive Compensation Sub-Committee has adjusted Mr. Champy's bonus potential downward in light of his base salary, which is determined by contract and historically has been higher than the median of the benchmark companies.

Mix of Total Compensation

In regard to the allocation of the various pay elements within the total compensation program, the HR Committee and the Incentive Compensation Sub-Committee review and consider the information described above under ***"Market Benchmarking,"*** but do not apply a formula or specific weighting to determine the mix or relationship of compensation elements. In our compensation of named executives, we emphasize incentive compensation, including both equity compensation and an annual bonus program. We seek to balance the long-term incentives of our equity program with rewards for performance during the past year under the annual bonus program. Our cash compensation programs emphasize pay that varies based on company and individual performance. Therefore, depending on performance, annual bonuses may exceed base salaries for our named executives. The named executives receive almost no compensation beyond salary, bonus opportunities, and equity incentives because we do not maintain a traditional pension plan or nonqualified, deferred compensation program.

Analysis of 2007 Compensation

This section discusses and analyzes the compensation actions that were taken in 2007 for our named executives, as summarized in the following compensation tables.

Base Salary

The HR Committee reviews and makes final determinations regarding the base salaries of our named executives each year and, as appropriate, at the time of a promotion or other change in responsibility. The HR Committee usually approves salary adjustments in February or March with adjustments effective March 1.

Each named executives' base salary level reflects his level of experience and individual contribution as evaluated during the annual performance review process. The HR Committee reviewed and considered information on median market pay levels, including the information described above under ***"Market Benchmarking,"*** and expected market increases for the coming year during the salary review process in making salary adjustments. However, the HR Committee did not apply a formula or specific weighting to determine the amount of base salary adjustments for the named executives in 2007.

With the exceptions of Mr. Freeman and Mr. Harper, salary adjustments for our named executives in 2007 included annual merit increases and, where appropriate, competitive market pay adjustments to align pay with external benchmarks. In addition, Mr. Freeman received a 20.5% increase in his base salary primarily to reflect his promotion from the position of Chief Financial Officer to the position of Chief Operating Officer, and Mr. Harper received a 40.4% increase in his base salary primarily to reflect his promotion from the position of Vice President with responsibility for Corporate and Business Development to the position of Chief Financial Officer. In connection with the promotions of Messrs. Freeman and Harper, F.W. Cook, the HR Committee's independent consultant, prepared benchmarking information based on the salaries of officers in comparable positions at the benchmark companies referred to in the section ***"Market Benchmarking"*** above and information from a leading published compensation survey. The HR Committee set new base salaries for Messrs. Freeman and Harper that are below the median base salaries indicated by the benchmark data. Salaries for 2007 for our named executives and the percentage increase from 2006 are summarized in the table below. Our Chief Executive Officer's salary was increased by 8.3% based on the HR Committee's evaluation of his performance and a review of his salary level against market benchmarks. Approved salary increases for the other named executives averaged 16.3% of salary for 2007, with the average increase due primarily to changes in the salaries of two named executive officers that reflect the new roles for those officers.

Name	2007 Salary	% Increase
Peter Altabef	$ 650,000	8.3%
Ross Perot, Jr.	$ 558,935	2.8%
Russell Freeman	$ 500,000	20.5%(1)
James Champy	$ 585,492	1.0%
John Harper	$ 355,000	40.4%(1)

(1) Includes salary increase in August 2007 due to change in position.

2007 Short-Term Incentive Program

For 2007, the Incentive Compensation Sub-Committee approved a short-term incentive program designed to compensate our named executives based on corporate performance, operating unit performance, the performance of the shared services team (if applicable), the named executive's individual performance, and market factors. The Incentive Compensation Sub-Committee established a target bonus for each of the participating named executives during the first quarter of 2007 equal to a percentage of the named executive's base salary. In determining the appropriate percentage for each named executive, the Incentive Compensation Sub-Committee considered relevant factors, including position level, scope of responsibility and the ability of such individual to drive our results, market practices, levels at which related performance goals have been established, and salary and relative total compensation levels. In connection with the promotions of Messrs. Freeman and Harper, their target bonuses were adjusted to be at or near the median of actual 2006 bonuses for officers in comparable positions indicated by the benchmark data. For 2007, individual target bonuses for participating named executives ranged from 100% (for our Chief Executive Officer) to 40% of base salary.

In February 2007, the Incentive Compensation Sub-Committee determined the performance factors that we intended to use in adjusting the target bonus for each participating named executive, which included corporate performance, operating unit performance, and performance of the shared services team, as applicable. However, during the year, our Chief Executive Officer determined that the Company's adjusted performance would not support the payment of annual incentive compensation for our named executive officers and recommended to the Incentive Compensation Sub-Committee that no annual incentive compensation be paid. Therefore, without consideration of performance compared to the 2007 targets (except noting that overall corporate performance did not support the payment of bonuses), the Incentive Compensation Sub-Committee determined that it would pay no bonuses to our named executive officers for 2007 performance.

Long-Term Stock Incentives

For 2007, we continued our practice of awarding a blend of stock options and restricted stock units to our named executives, with the exception of our Chairman who has received no equity grants since 2001 because his awards in 2000 and 2001 were designed to provide, and the Incentive Compensation Sub-Committee believes are providing adequate long-term equity compensation and incentive for him. The value shown in the stock option column in the **Summary Compensation Table** below for our Chairman is related to the stock option awards he received as our CEO in 2000 and 2001. With respect to other named executives, awards are generally intended to be evaluated independently from past and future awards. Therefore, with the exception of the awards to our Chairman referenced above, the Incentive Compensation Sub-Committee reviewed, but did not significantly weigh, past awards in determining stock awards for named executives in 2007.

In determining stock incentives, our Board of Directors annually approves a pool of shares that may be awarded based on a review of our historical practices against those of the benchmark IT services companies, supplemented with other market information from time to time. We allocate the total available pool as approved among business units and associate levels based on market practices and internal considerations. Our Incentive Compensation Sub-Committee bases individual awards to the named executives on various factors including position level, scope of responsibility, individual performance and contribution, salary level, and market practices. In addition, the Incentive Compensation Sub-Committee also considers related accounting expense and total compensation for each named executive before approving awards.

The Incentive Compensation Sub-Committee considers the cost of the current year's equity awards as a key factor in determining equity and overall compensation for the year. The Incentive Compensation Sub-Committee reviews the total potential compensation of executives, by individual and in aggregate, along with prior equity awards. We believe that restricted stock units are a more cost effective method of providing compensation compared to options. However, we believe that options provide a greater incentive per unit compared to restricted stock units. The Incentive Compensation Sub-Committee determines the appropriate balance between option awards and restricted stock unit awards. The Incentive Compensation Sub-Committee does not consider amounts expensed in prior years as a significant factor in determining the compensation of executive officers for the current year.

Using this process, the Incentive Compensation Sub-Committee approved the awards for our named executives for 2007 which are shown in the **"Grants of Plan-Based Awards"** table below. Grants of options and restricted stock units vest in equal annual installments beginning on the first anniversary of the date of grant. The vesting of restricted stock units is contingent upon the named executive receiving at least a satisfactory performance rating in the prior year. The total value of the awards granted in 2007 is shown in the Grant Date Fair Value of Stock and Option Awards column, as determined in accordance with the Statement of Financial Accounting Standards No. 123R ("FAS 123R"). The number of options compared to the number of restricted stock units awarded to each named executive is based on balancing the level of performance incentive for options versus restricted stock units, their comparative compensation expense resulting under FAS 123R, their comparative value to the named executives, and the effect of options compared to restricted stock units on dilution.

2008 Short-Term Incentive Program

On February 25, 2008, the Incentive Compensation Sub-Committee of our Human Resources and Compensation Committee established a new short-term incentive program for our named executive officers (other than our Chairman) with respect to 2008 performance. Consistent with past years, our Chairman does not participate in the program. Under the 2008 program, the Incentive Compensation Sub-Committee established a target cash bonus for each participating named executive. Each target bonus will be adjusted based on corporate financial performance measured against our corporate targets and further adjusted for the named executive's individual performance, as rated by our Chief Executive Officer (other than with respect to the performance of the Chief Executive Officer). Finally, the Incentive Compensation Sub-Committee will apply its discretion to determine the actual amount, if any, of cash bonus that we pay to each participating named executive.

The Incentive Compensation Sub-Committee established target bonuses for each of the participating named executives during the first quarter of 2008 considering relevant factors, including position level, scope of responsibility, the ability of such individual to drive our results, market practices (including benchmarking information), base salary, and relative total compensation levels. For 2008, individual target bonuses for participating named executives range from 100% (for our Chief Executive Officer) to 40% of base salary.

In 2008, the Incentive Compensation Sub-Committee will determine the corporate financial performance factor by comparing adjusted, diluted earnings per share to our earnings per share target to establish the initial corporate performance factor. The Incentive Compensation Sub-Committee will increase the initial corporate performance factor by five percentage points for each secondary factor that exceeded the range specified by the Incentive Compensation Sub-Committee and decrease the corporate performance factor by five percentage points for each secondary factor that was less than the range determined by the Incentive Compensation Sub-Committee. The Incentive Compensation Sub-Committee will make no adjustment for performance within the range for a secondary factor. The Incentive Compensation Sub-Committee will use revenue, free cash flow (which can be calculated by subtracting capital expenditures from operating cash flow), total contract value of new contracts signed during the year, and the contract value for the first 12 months of new contracts signed during the year as its secondary metrics. Under the 2008 program, the Incentive Compensation Sub-Committee has capped each named executive's target bonus adjusted for the corporate performance factor at 300% of the executive's target bonus.

The Incentive Compensation Sub-Committee will be provided with the results of our Chief Executive Officer's annual individual performance review of each participating named executive (other than the Chief Executive Officer). During the first quarter of the year, the Chief Executive Officer and each participating named executive will establish, as applicable, financial, strategic, operational, and other performance goals relating to the executive's role. The Chief Executive Officer's evaluation of each participating named executive's individual performance will be based on his performance with respect to these goals. The Chief Executive Officer will exercise significant discretion regarding the attainment of a participating named executive's goals.

Our Chief Executive Officer's performance will be judged on the Company's overall performance against its corporate targets and his success in the continued development and execution of our business strategy, the quality of our services, the development of our workforce, succession planning, and his leadership in maintaining and promoting our business and culture. With respect to the performance rating of our Chief Executive Officer, our Chairman will solicit our directors' views of our Chief Executive Officer's performance, synthesize those views into a performance rating, and communicate the results to the Chairman of the Incentive Compensation Sub-Committee.

In our annual performance reviews, the possible performance ratings are as follows:

Distinguished The associate's contribution toward meeting operational, financial, and other objectives was significantly above expectations.

Exceptional The associate's contribution toward meeting operational, financial, and other objectives exceeded expectations.

Successful The associate's contribution toward meeting operational, and financial objectives fully met expectations.

Partially Successful The associate's contribution toward meeting the team's operational, and financial objectives only partially met expectations.

Unsuccessful The associate's contribution toward meeting operational, and financial objectives did not meet expectations.

Formula adjustments to our annual incentive bonuses related to individual performance ratings for the participating named executives, which are made after the adjustments for corporate performance, will be 80% of the amount calculated for payout for persons who have a successful rating, 100% of the calculated payout for persons who have an exceptional rating, and 120% of the payout for persons who achieve a distinguished rating. The formula adjustments provide for no bonus for any participating named executive receiving an unsuccessful or partially successful rating.

The Chief Executive Officer will also provide the Incentive Compensation Sub-Committee with any recommendation that he may have for discretionary adjustments with respect to the incentive compensation of any named executive. The Incentive Compensation Sub-Committee will then use its discretion to make a final determination of the amount of annual incentive compensation to be paid to our named executives.

Regulatory Considerations

The Internal Revenue Code contains a provision that limits the tax deductibility of certain compensation paid to our named executives to the extent it is not considered performance-based compensation under the Internal Revenue Code. We have adopted policies and practices to facilitate compliance with Section 162(m) of the Internal Revenue Code of our stock option awards.

In making decisions about executive compensation, we also consider the impact of other regulatory provisions, including the provisions of Section 409A of the Internal Revenue Code regarding non-qualified deferred compensation and the change-in-control provisions of Section 280G of the Internal Revenue Code. In making decisions about executive compensation, we also consider how various elements of compensation will impact our financial results including the impact of FAS 123R which requires us to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. FAS 123R was a consideration in adopting restricted stock units as a long-term equity incentive.

Compensation Committee Interlocks and Insider Participation

DeSoto Jordan served as one of our Vice Presidents until 1999.

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION

The Human Resources and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis section of this Proxy Statement with the Company's management and, based on such review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

HUMAN RESOURCES AND
COMPENSATION COMMITTEE

Carl Hahn (Chair)
DeSoto Jordan
Thomas Meurer
Anthony J. Principi
Anuroop (Tony) Singh

Summary of Cash and Certain Other Compensation

The Summary Compensation Table below shows compensation of the named executives for the years 2006 and 2007.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation	Change in Pension Value & Non-qualified Deferred Compensation Earnings	All Other Compensation ($)(3)	Total Compensation ($)
Peter A. Altabef	2007	642,608		727,849	463,490			9,000	1,842,947
President and Chief Executive Officer	2006	592,505	905,000	454,092	378,884			8,800	2,339,281
Ross Perot, Jr.	2007	558,910			999,655			9,000	1,567,565
Chairman	2006	543,270			770,551			8,800	1,322,621
Russell Freeman	2007	458,900		267,894	333,527			9,257	1,069,578
Vice President and Chief Operating Officer	2006	413,035	474,874	169,131	312,080			8,800	1,377,920
James Champy	2007	584,644		150,154	152,166			52,816(4)	939,780
Vice President	2006	577,904	301,000	116,077	134,281			52,705(4)	1,181,967
John E. Harper	2007	297,145	232,000(6)	39,743	63,097			20,080(7)	652,065
Vice President and Chief Financial Officer(5)	2006	254,135	167,000(8)	25,320	72,613			8,800	527,868

(1) Bonus amounts shown include bonuses earned in 2006 and paid in 2007.

(2) The value, calculated in accordance with FAS 123R, of options or restricted stock units vesting in 2006 and 2007, respectively. The assumptions used to calculate these values are set forth in Note 11, "Stock Options and Stock-Based Compensation," to our Consolidated Financial Statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2007.

(3) Represents, with respect to Messrs. Altabef and Perot, and includes, with respect to Messrs. Freeman, Champy, and Harper $9,000 and $8,800 in contributions to our 401(k) plan for the benefit of each of the named executives for 2007 and 2006, respectively.

(4) For 2007, includes $17,000 in life insurance premiums and $26,816 in taxes paid on such insurance policy for the benefit of Mr. Champy. For 2006, includes $17,000 in life insurance premiums and $26,905 in taxes paid on such insurance policy for the benefit of Mr. Champy.

(5) Mr. Harper became Chief Financial Officer on August 15, 2007.

(6) Represents spot bonuses of $182,000 and $50,000, respectively, in connection with the closing of our acquisitions of QSS Group, Inc. in January 2007 and J. J. Wild, Inc. in August 2007 during which time Mr. Harper served as Vice President and Director of Business and Corporate Development.

(7) Includes for 2007, payment of $7,041 in taxes due and $4,039 in gross ups related to such taxes. We made these payments before Mr. Harper became Chief Financial Officer.

(8) Includes spot bonus of $25,000 in connection with the closing of our acquisition of eServ LLC in February 2006 during which time Mr. Harper served as Vice President and Director of Business and Corporate Development.

Grants of Plan-Based Awards

The following table provides information relating to equity awards in 2007 to the named executives. All awards relate to our Class A Common Stock and were made pursuant to our 2001 Long-Term Incentive Plan. All options are non-qualified stock options.

Grants of Plan-Based Awards

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	Approval Date(1)	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: # of Shares of Stock/ Units(2)	All Other Option Awards: # of Securities Underlying Options(3)	Exercise/ Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Peter A. Altabef	5-22-07	8-2-07							75,000	100,000	15.23	1,607,370
Ross Perot, Jr.	N/A	N/A									N/A	
Russell Freeman	5-22-07	8-2-07							27,500	55,000	15.23	674,641
James Champy	5-22-07	8-2-07							10,000	20,000	15.23	245,324
John E. Harper	5-22-07	8-2-07							5,000	15,000	15.23	145,918

(1) Awards were approved at the May 22, 2007 meeting of the Incentive Compensation Sub-Committee. Other than with respect to Mr. Harper, the Incentive Compensation Sub-Committee made the grants on the first day of the first trading window under our Insider Trading Policy following approval of the awards. Mr. Harper's award was made prior to his becoming an executive officer. Therefore, his grant was made pursuant to delegated authority by our Chief Executive Officer.

(2) Vests in five equal annual installments beginning on the first anniversary of the grant. Vesting in each year is contingent upon the individual achieving a satisfactory performance rating in prior year.

(3) Vests in five equal annual installments beginning on the first anniversary of the grant.

Outstanding Equity Awards Value at Fiscal Year-End

The following table provides information regarding the value of all unexercised options and unvested restricted stock units previously awarded to our named executives.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name	**# of Securities Underlying Unexercised Options Exercisable (#)**	**# of Securities Underlying Unexercised Options Unexercisable (#)**	**Equity Incentive Plan Awards: # of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**# of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Peter A. Altabef	104,000	0		13.00	1-31-2011				
	15,000	0		20.07	5-7-2012				
	90,000	0		9.63	10-18-2012				
	32,000	8,000(2)		13.15	12-9-2010	4,000(10)	54,000		
	60,000	40,000(3)		15.93	12-13-2011	40,000(11)	540,000		
	40,000	60,000(4)		13.63	10-13-2012	30,000(12)	405,000		
	20,000	80,000(5)		14.87	11-2-2013	60,000(13)	810,000		
	0	100,000(6)		15.23	8-2-2014	75,000(14)	1,012,500		
Ross Perot, Jr.	760,000	0		9.50	10-23-2011				
	190,000	0		9.94	10-23-2011				
	420,000	630,000(7)		14.40	10-23-2011				
Russell Freeman	48,000	6,000(8)		11.00	7-20-2009				
	14,000	4,000(9)		13.50	1-28-2010				
	152,000	0		10.94	12-8-2010				
	20,000	0		20.07	5-7-2012				
	100,000	0		9.63	10-18-2012				
	32,000	8,000(2)		13.15	12-9-2010	4,000(10)	54,000		
	27,000	18,000(3)		15.93	12-13-2011	9,000(11)	121,500		
	18,000	27,000(4)		13.63	10-13-2012	13,500(12)	182,250		
	11,000	44,000(5)		14.87	11-2-2013	22,000(13)	297,000		
	0	55,000(6)		15.23	8-2-2014	27,500(14)	371,250		
James Champy	40,000	0		9.63	10-18-2012				
	32,000	8,000(2)		13.15	12-9-2010	4,000(10)	54,000		
	18,000	12,000(3)		15.93	12-13-2011	6,000(11)	81,000		
	8,000	12,000(4)		13.63	10-13-2012	6,000(12)	81,000		
	4,000	16,000(5)		14.87	11-2-2013	8,000(13)	108,000		
	0	20,000(6)		15.23	8-2-2014	10,000(14)	135,000		
John E. Harper	3,000	3,000(8)		11.00	7-20-2009				
	10,000	4,000(9)		13.50	1-28-2010				
	5,000	0		20.07	12-20-2011				
	2,200	0		9.92	10-21-2012				
	3,600	900(2)		13.15	12-9-2010	450(10)	6,075		
	3,900	2,600(3)		15.93	12-13-2011	1,300(11)	17,550		
	3,600	5,400(4)		13.63	10-13-2012	2,700(12)	36,450		
	2,500	10,000(5)		14.87	11-2-2013	2,800(13)	37,800		
	0	15,000(6)		15.23	8-2-2014	5,000(14)	67,500		

(1)

Based on the market value of $13.50 per share of the Class A Common Stock as of December 31, 2007.

(2) Vests on December 9, 2008.

(3) Vests in two equal annual installments beginning December 13, 2008.

(4) Vests in three equal annual installments beginning October 13, 2008.

(5) Vests in four equal annual installments beginning November 2, 2008.

(6) Vests in five equal annual installments beginning August 2, 2008.

(7) Vests in three equal annual installments beginning October 23, 2008.

(8) Vests on July 20, 2008.

(9) Vests in two equal annual installments beginning January 28, 2008.

(10) Vests on December 9, 2008; provided the holder achieved a satisfactory individual performance rating for the year prior to scheduled vesting.

(11) Vests in two equal annual installments beginning December 13, 2008; provided that each installment vests only if the holder achieved a satisfactory individual performance rating for the year prior to scheduled vesting.

(12) Vests in three equal annual installments beginning October 13, 2008; provided that each installment vests only if the holder achieved a satisfactory individual performance rating for the year prior to scheduled vesting.

(13) Vests in four equal annual installments beginning November 2, 2008; provided that each installment vests only if the holder achieved a satisfactory individual performance rating for the year prior to scheduled vesting.

(14) Vests in five equal annual installments beginning August 2, 2008; provided that each installment vests only if the holder achieved a satisfactory individual performance rating for the year prior to scheduled vesting.

Option Exercises and Stock Vested

The following table provides information with respect to the options exercised by the named executives and restricted stock units and restricted stock that vested during 2007.

Option Exercises and Stock Vested

	Option Awards