

PEROT SYSTEMS CORP
Form DEF 14A
March 31, 2005

**UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION**
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SCHEDULE 14A

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**Proxy Statement Pursuant to Section 14(a) of the Securities
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Filed by the Registrant **X**
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))**
- X** Definitive Proxy Statement
- O** Definitive Additional Materials
- O** Soliciting Material Pursuant to Rule §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):

- X** No fee required.
- O** Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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SEC 1913 (03-04)

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PEROT SYSTEMS CORPORATION

**2300 W. Plano Parkway
Plano, Texas 75075**

**Notice of Annual Meeting of Stockholders
Wednesday, May 11, 2005
3:00 p.m. Central Daylight Time**

Perot Systems Corporation
Plano Campus Cafeteria, West Lobby

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2300 West Plano Parkway
Plano, Texas 75075

March 31, 2005

TO OUR STOCKHOLDERS

On behalf of the Board of Directors, you are cordially invited to attend the 2005 Perot Systems Corporation Annual Meeting of Stockholders. At the Annual Meeting, our stockholders will be voting on:

the election of our directors;

the ratification of the appointment of our independent registered public accounting firm for 2005; and

any other business properly brought before the meeting.

Voting is limited to stockholders of record at the close of business on March 14, 2005.

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 Wednesday, May 11, 2005, at 3:00 p.m. Central Daylight Time. We first mailed these proxy materials to our stockholders on or about March 31, 2005.

PURPOSE OF MEETING

We are holding the Annual Meeting for the stockholders to elect our directors, ratify the appointment of our independent registered public accounting firm for 2005 and to 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 14, 2005, entitles you to one vote for each of the 10 nominees for director and one vote on each other proposal properly brought before the Annual Meeting. On March 14, 2005, there were 116,304,824 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

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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 10, 2005. 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.

How The Proxy Holders Will Vote Your Proxy

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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 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,

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sending a written notice of revocation to the Secretary of Perot Systems at 2300 West Plano Parkway, Plano, Texas 75075 that is received 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 10 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.

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 generally require 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.

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.

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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 10. We are proposing the reelection of all 10 of our current directors to hold office for a term of one year, expiring at the close of the 2006 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 August 1994. Mr. Perot is currently a private investor. Mr. Perot is the father of Ross Perot, Jr. Age 74.

Ross Perot, Jr. has served as Chairman of the Board 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 previously served as President of Hillwood DBL Partners, Inc. from August 1996 until April 2000. Mr. Perot remains Chairman of Hillwood Development Company LLC. Mr. Perot is the son of Ross Perot. Age 46.

Peter A. Altabef has served as President and Chief Executive Officer and as a director 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 45.

Steve 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. Age 47.

John S.T. Gallagher has served as a director of Perot Systems since May 2001. Mr. Gallagher serves as Deputy County Executive of Health and Human Services for Nassau County, New York. Mr. Gallagher also serves as a director and member of the audit and compensation committees of Netsmart Technologies, Inc. Mr. Gallagher served as President and Chief Executive Officer of North Shore-Long Island Jewish Health System from October 1997 to December 31, 2001. Age 73.

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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 also serves as a director

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of Atradius AG, and serves as a director and member of the compensation committee of Hawesko AG and Indesit Company (formerly known as Merloni Elettrodomestici Group). Age 78.

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. Mr. Jordan also serves as a director and member of the Audit Committee of Argan, Inc. Age 60.

Thomas Meurer has served as a director of Perot Systems since May 2001. Mr. Meurer is Senior Vice President of Hunt Consolidated, Inc., and director and Senior Vice President of Hunt Oil Company and has served as an officer of one or more of the Hunt affiliated entities for over five years. Age 63.

Cecil H. (C. H.) Moore, Jr. has served as a director of Perot Systems since October 2003. Mr. Moore is a private investor and serves on several public boards since his retirement from KPMG LLP in June 2000. 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 is also a director and member of the audit committee of NL Industries, Inc. and a director and chairman of the audit committee of Kronos Worldwide, Inc. Age 65.

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 was CEO and managing director of Max New York Life from October 2000 until December 2004. From June 1999 until September 2000, Mr. Singh was Country Head India and Regional Head Consumer Banking, Middle East & South Asia for ANZ Grindlays Bank. Age 51.

Board and Committee Meetings

The Board met four times in 2004. During 2004, 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 Perot Systems stockholders. Four members of the Board attended the Company's annual stockholders' meeting in May 2004.

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 Perot Systems' website (www.perotsystems.com/responsibility). Perot Systems intends 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 (972) 577-0000. A copy of the Charter of the Audit Committee is attached to this Proxy Statement as Annex 1.

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. Gallagher served in this position during fiscal 2004. Mr. Hahn is the presiding director for 2005. 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,

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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, and John S.T. Gallagher. Mr. Moore, the Chairman of the Audit Committee, was appointed to the Audit Committee in December 2003. Messrs. Hahn and Gallagher were appointed in December 1994 and May 2001, respectively. The Audit Committee met 11 times in 2004. 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 Securities and Exchange Commission regulations. C. H. Moore, Jr. 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 the accounting, auditing, and financial reporting practices of Perot Systems. The Audit Committee does not prepare financial statements or perform audits, and its members are not auditors or certifiers of Perot Systems' financial statements. A charter, that the Board reassesses 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. 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 Perot Systems' independent registered public accounting firm for each fiscal year.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee consists of Carl Hahn, DeSoto Jordan, and Thomas Meurer. Mr. Hahn, the Chairman of the committee, was appointed to the committee in March 2002. Messrs. Meurer and Jordan were appointed in March 2002 and February 2004, respectively. The Human Resources and Compensation Committee met six times in 2004.

All members of the 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 primary responsibilities of the committee are to assist the Board of Directors in discharging its responsibilities relating to the compensation of our associates, to review and make final determinations with respect to the compensation of the Chairman and the Chief Executive Officer, and to review and make recommendations to the Board of Directors on the compensation of other executive officers and outside directors, bonus and retirement plans, the 1999 Employee Stock Purchase Plan, and the 2001 Long-Term Incentive Plan. In addition, during 2004, the committee's responsibilities were increased to include reviewing Perot Systems' succession planning and talent development processes and reviewing Perot Systems' progress in promoting diversity. In discharging these responsibilities, the committee was advised by our Human Resources organization. In addition, the committee has engaged an independent compensation consultant as its advisor.

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Nominating and Governance Committee

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

The Board of Directors established the Nominating and Governance Committee to assist the Board in shaping the corporate governance of Perot Systems, 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 corporate governance principles for Perot Systems.

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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 Perot Systems' website (www.perotsystems.com/responsibility).

Director Independence

Pursuant to the Director Independence Standard, the Board reviewed each director's independence in March 2005. 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 Steve 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 long-standing 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 is a limited partner which owns approximately 56.4% of the economic interest in HWGA, Ltd., a limited partnership having Ross Perot and Ross Perot, Jr. as its sole general partners. HWGA owns 31,705,000 shares of the Company's Class A Common Stock. However, as a limited partner, 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 the Company's Class A Common Stock. The Board also considered the employment of Mr. Meurer's son-in-law by Hillwood Development Company LLC, which is an affiliate of Ross Perot, Jr. Mr. Meurer's son-in-law is not an officer of Hillwood Development Company, LLC. 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 customer of Perot Systems, 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.

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In connection with Mr. Jordan's independence determination, the Board examined Mr. Jordan's role as a founder of the Company and his employment by the Company 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 Perot Systems' stockholders. Perot Systems' Director Qualification Guidelines are publicly available at the Corporate Responsibility section of Perot Systems' 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 a director of Perot Systems, 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 the Perot Systems' Director Qualification Guidelines, which include:

the ability of the prospective candidate to represent the interests of the stockholders of Perot Systems;

the highest personal and professional ethics, integrity and values;

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broad-based skills and experience at an executive, policy making level in business, government or technology areas relevant to Perot Systems activities;

a global business prospective;

a willingness to devote sufficient time to become knowledgeable about Perot Systems 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; and

the extent to which the prospective candidate contributes to the expertise of the Board.

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.

During 2004, no security holder or security holder group that held more than 5% of Perot Systems common stock for at least one year has recommended a director candidate.

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Directors (other than executive officers) standing for election by our security holders for the first time and the source of recommendations for such directors are as follows:

Director Nominee	Recommended By
Anuroop (Tony) Singh	Third Party Search Firm

We engaged a third party search firm on behalf of the Nominating and Governance Committee that identified potential candidates for our Board of Directors who are located in India. The firm screened and identified potential candidates based on the criteria for the director that were established by the Nominating and Governance Committee. The firm also arranged for meetings between candidates selected by the Nominating and Governance Committee and representatives of Perot Systems and 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. Perot Systems Secretary is responsible for forwarding to appropriate directors all written communications addressed to the Board or its committees. In addition, transcripts of calls to Perot Systems 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, TX 75075
Audit Committee	By mail: Perot Systems Corporation Attn: Audit Committee/Corporate Secretary

Directors**Address**

2300 West Plano Parkway
 Plano, TX 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 Committee/Corporate Secretary
 2300 West Plano Parkway
 Plano, TX 75075

Individual Directors

By mail: Perot Systems Corporation
 Attn: Name of Director/Corporate Secretary
 2300 West Plano Parkway
 Plano, TX 75075

Director Compensation

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 the Company's Class A Common Stock, which will be valued at the closing price of our Class A Common Stock on the New York Stock Exchange on the last trading day of the quarter with respect to which payment is due. Additional retainers for the Chairpersons of the Audit Committee and the Human Resources and Compensation Committee are \$5,000 and \$3,000, respectively. Perot Systems also compensates each of its non-employee directors (other than Ross Perot) \$2,000 for each meeting of the Board and committee of the Board attended in person or by telephone. In the event that a director attends multiple meetings of the Board and its committees on the same or consecutive days, each of the non-employee directors are compensated a

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total of \$2,000 for all such 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.

Perot Systems' 1996 Non-Employee Director Plan provides for the issuance of nonqualified stock options or restricted stock to our non-employee directors (other than Ross Perot). The Board administers the Non-Employee Director Plan and has the authority to interpret it. Directors who are not employees of Perot Systems are eligible to receive awards under the Non-Employee Director Plan. The Non-Employee Director Plan currently provides for a grant to each eligible director of (i) an option to purchase 8,000 shares of Class A Common Stock vesting one year after the date of grant or (ii) the right to purchase 8,000 restricted shares of 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 must be at least equal to 100% of the fair market value of the Class A Common Stock on the date of the award. Perot Systems makes grants to new directors upon their initial election to the Board and to existing directors at completion of the original vesting schedule for any existing options or restricted shares granted to such director under the Non-Employee Director Plan.

During 2004, our non-employee directors earned the following compensation (in addition to grants of options under the Non-Employee Director Plan):

Steve Blasnik	\$8,043 and 3,093 shares of Class A Common Stock
John S. T. Gallagher	\$69,000
William K. Gayden(1)	\$6,270
Carl Hahn	\$27,043 and 3,093 shares of Class A Common Stock
DeSoto Jordan	\$46,791
Thomas Meurer	\$10,043 and 3,093 shares of Class A Common Stock
C. H. Moore, Jr.	\$72,000
Anuroop (Tony) Singh(2)	\$0

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- (1) Mr. Gayden resigned as a director on February 20, 2004.
 - (2) Mr. Singh was appointed as a director on March 3, 2005.

Corporate Governance Principles

Code of Conduct

Perot Systems has adopted Standards & Ethical Principles to assist its 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 Perot Systems 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 (972) 577-0000.

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

Governance Guidelines

Perot Systems has corporate governance guidelines. These guidelines are publicly available at the Corporate Responsibility section of Perot Systems website (www.perotsystems.com/responsibility). Perot Systems intends 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 (972) 577-0000.

PROPOSAL NO. 2

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 2005. PricewaterhouseCoopers LLP was our independent registered public accounting firm for the year ended December 31, 2004.

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 the best interests of Perot Systems and our stockholders.

PricewaterhouseCoopers representatives are expected to attend the 2005 Annual 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 to Perot Systems for services rendered in 2004 and 2003.

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Year	Audit Fees (1)(2)	Audit Related Fees (3)	Tax Fees (4)	All Other Fees (5)	Total
2004 ⁽⁶⁾	\$2,931,110	\$ 42,986	\$415,143	\$ 1,624	\$3,390,863
2003 ⁽⁷⁾	\$1,546,963	\$329,312	\$487,631	\$47,161	\$2,411,067

- (1) Fees for our annual audit and review of interim financial statements, various statutory audits, and consultations on the accounting for existing transactions.
- (2) Audit fees in 2004 also include fees for audit and attestation with respect to internal control over financial reporting.
- (3) Services included audits of an employee benefit plan, due diligence, audits in connection with acquisitions, and consultations on the accounting for prospective transactions. Amounts for 2003 include amounts for services performed in connection with the acquisition of HCL Perot Systems B.V., which was renamed Perot Systems TSI (Netherlands) B.V. following the acquisition.
- (4) Fees for compliance and tax advisory services.
- (5) In 2003, these fees were primarily for foreign subsidiary pension benefit services. In 2004, these fees were for a subscription fee to an online accounting research tool.
- (6) Amounts include estimates that have not been billed.
- (7) Actual amounts, which differ from estimated amounts included in prior reports.

In 2004, all audit related services, tax services and other services were pre-approved by the Audit Committee, which 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 Audit Committee. Our policy restricting the engagement of our audit firm requires that all audit, review and attestation services require approval from the Audit Committee prior to Perot Systems engaging the audit firm.

In addition, our policy regarding the engagement of our independent registered public accounting firm provides that the Audit Committee may pre-approve engagement of the accounting firm for services in designated areas for fees that do not exceed the pre-approved limit. For 2005, 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, advice on generally accepted accounting principles applicable to prospective transactions, and accounting consultation for business combinations under consideration.

Tax Services tax accounting advice, federal and state tax advice, tax advice and implementation on federal and state tax return preparation and review, assistance with tax examinations, advice and assistance with respect to transfer pricing and tax examinations, and compliance reviews.

Other Services annual subscription fee for accounting research tool.

The policy requires quarterly reports to the Audit Committee on billings for pre-approved services. Any 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, Perot Systems 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.

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**STOCK OWNERSHIP OF PRINCIPAL STOCKHOLDERS
AND MANAGEMENT**

The following table shows the number of shares of Common Stock beneficially owned as of March 14, 2005 by:

each person who we know beneficially owns more than 5% of our common stock;

each director;

each person who served as Chief Executive Officer during 2004 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 Altabef(2)	305,267	*
Darcy Anderson(3)	115,325	*
James Champy(4)	999,286	*
Russell Freeman(5)	229,171	*
John King(6)	1,160,136	1.0%
Steven Blasnik(7)	87,052	*
John S.T. Gallagher(8)	24,000	*
Carl Hahn(9)	106,052	*
DeSoto Jordan(10)	340,375	*
Thomas Meurer(11)	169,852	*
C. H. Moore, Jr.(12)	8,000	*
Ross Perot(13)	31,763,100	27.3%
Ross Perot, Jr.(14)	32,480,000	27.7%
Anuroop (Tony) Singh		
All Executive Officers and Directors as a Group (16 Persons)(15)	36,090,616	30.7%
Additional 5% Beneficial Owners		
Royce & Associates, LLC(16)	9,900,500	8.5%
Wachovia Corporation(17)	6,584,141	5.7%

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* Less than 1%

- (1) Percentages are based on the total number of shares of Class A Common Stock outstanding at March 14, 2005, 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 percentage ownership 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.