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EDS – India to merge into Mphasis

Combined entity to achieve an optimal business model in India

Bangalore: Mphasis, a leading provider of IT services and BPO solutions, today said that its Board as well as the Board of EDS Electronic Data Systems (India) Pvt. Ltd (EDS India) has approved the merger of EDS India, a wholly-owned subsidiary of EDS, into Mphasis BFL Ltd, pending applicable approvals. If approved, the merger will allow EDS to consolidate its operations in India.

Commenting on the merger, **Steve Heidt, chairman, Mphasis & EDS vice president of Service Delivery Operations**, said, "This is the next step toward the integration of the operations of Mphasis and EDS. Essentially, we're creating a new family with EDS and Mphasis as one entity, with combined operations and one voice to provide greater efficiency. The operating plan will leverage the strong capabilities resident in both companies to better address market needs."

"EDS India and Mphasis have complementary strengths with little overlap or duplication. The merger **is an 'and-and' proposition that creates mutual growth opportunities while immediately heightening EDS' presence in a primary growth location**", he added.

Jerry Rao, CEO, Mphasis said, "We are excited about this merger. The combined entity will help us achieve an optimal business model in India and provide clear career paths and opportunities for all employees as we also enhance the service offering to our clients."

The swap ratio of the merger as determined by an independent valuation of the two companies works out to 5:4 (5 shares of Mphasis for every 4 shares of EDS-India). The merger is also expected to be EPS accretive to Mphasis and will enhance shareholder value. The process of operationally integrating EDS India into Mphasis is expected to complete by the end of this calendar year but would be effective from 1 April 2006 as per the merger proposal approved by the Boards of both the companies. The proposal is subject to approval of the stock exchanges, shareholders of both companies and the High Courts at Mumbai and Karnataka. Through this merger EDS' stake in Mphasis will increase to approximately 61.8% from about 51.4% at present.

EDS currently employs more than 3,000 people in India and has Applications & BPO delivery centers in Chennai, Pune, Gurgaon and Mumbai. EDS India reported revenue of approximately \$ 78 million for the year ended 31 March 2006. The combined entity will have employee strength of over 15,000, making it one of the larger IT & BPO employers in the country. EDS and Mphasis had earlier announced that they plan to grow this to about 20,000 employees by the end of calendar 2006.

About Mphasis

Mphasis BFL Limited (Bombay Stock Exchange: 526299 and National Stock Exchange of India: MPHASISBFL), a leading applications and business process outsourcing (BPO) services company based in Bangalore, India, currently has about 12,000 employees, including 11,000 in India. Mphasis serves clients in multiple industries, including financial services, transportation, technology and healthcare, and is particularly strong in the retail banking sector serving the world's top five banks. To know more, please visit www.mphasis.com.

About EDS

EDS (NYSE:EDS) is a leading global technology services company delivering business solutions to its clients. EDS founded the information technology outsourcing industry more than 40 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to clients in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries and to governments around the world. EDS had 2005 revenue of \$19.8 billion. Learn more at eds.com.

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