

XEROX CORP
Form S-4/A
November 24, 2009
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As filed with the U.S. Securities and Exchange Commission on November 24, 2009

Registration No. 333-162639

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

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

XEROX CORPORATION

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

3577
(Primary Standard Industrial
Classification Code Number)

16-0468020
(I.R.S. Employer
Identification Number)

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45 Glover Avenue

P.O. Box 4505

Norwalk, Connecticut 06856-4505

(203) 968-3000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Don H. Liu

Senior Vice President, General Counsel and Secretary

Xerox Corporation

45 Glover Avenue

P.O. Box 4505

Norwalk, Connecticut 06856-4505

(203) 968-3000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed joint proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED NOVEMBER 24, 2009

Xerox Corporation

Affiliated Computer Services, Inc.

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

[], 2009

Dear Stockholders:

Xerox Corporation and Affiliated Computer Services, Inc. have entered into a merger agreement pursuant to which Xerox will acquire ACS. In the proposed merger, each outstanding share of ACS Class A common stock will be converted into the right to receive 4.935 shares of Xerox common stock and \$18.60 in cash. Each share of ACS Class B common stock will be converted into the right to receive 4.935 shares of Xerox common stock, \$18.60 in cash and a fraction of a share of a new series of preferred stock to be issued by Xerox and designated as Xerox Corporation Series A Convertible Perpetual Preferred Stock. Upon completion of the merger, Xerox and ACS expect that former ACS stockholders will own approximately 36% of the outstanding shares of Xerox common stock and former Xerox stockholders will own approximately 64% of the outstanding shares of Xerox common stock, based on the number of shares of Xerox common stock issued and outstanding as of September 27, 2009, the date of the execution of the merger agreement.

The board of directors of Xerox has determined that the merger agreement and the merger are advisable and in the best interests of Xerox and its stockholders and has approved the merger agreement and the merger. The board of directors of ACS (other than Mr. Darwin Deason, who was recused from the meeting), acting upon the unanimous recommendation of the strategic transaction committee of the ACS board of directors, has determined that the merger agreement and the merger are advisable and in the best interests of ACS and its stockholders and has approved the merger agreement and the merger.

THE BOARD OF DIRECTORS OF XEROX UNANIMOUSLY RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO ISSUE SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED PURSUANT TO THE MERGER AGREEMENT. THE BOARD OF DIRECTORS OF ACS (OTHER THAN MR. DARWIN DEASON, WHO WAS RECUSED FROM THE MEETING), ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE STRATEGIC TRANSACTION COMMITTEE OF THE ACS BOARD OF DIRECTORS, UNANIMOUSLY RECOMMENDS THAT ACS STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT.

We cannot complete the merger unless the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement is approved by the affirmative vote of holders of a majority in voting power of the shares of Xerox common stock represented (whether in person or by proxy) at the Xerox special meeting (provided that at least a majority in voting power of the shares of Xerox common stock outstanding are represented in person or by proxy at such meeting or any adjournment or postponement thereof) or any adjournment or postponement thereof and the merger agreement is adopted by the affirmative vote of holders of a majority in voting power of the outstanding shares of ACS Class A common stock and ACS Class B common stock, voting together as a single class. **We urge you to read carefully the accompanying joint proxy statement/prospectus, which includes important information about Xerox, ACS and the proposed merger. In particular, please see the section entitled Risk Factors beginning on page 26 of the accompanying joint proxy statement/prospectus which contains a description of the risks that you should consider in evaluating the proposed merger.**

Shares of Xerox common stock are listed on the New York Stock Exchange and the Chicago Stock Exchange under the symbol XRX. Shares of ACS Class A common stock are listed on the New York Stock Exchange under the symbol ACS. On [], 2009, the most recent practicable trading day prior to the printing of the accompanying joint proxy statement/prospectus, the last sales price of Xerox common stock was \$[] per share and the last sales price of ACS Class A common stock was \$[] per share. You should obtain current market quotations for both Xerox common stock and ACS Class A common stock.

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On [], each company is holding a special meeting of stockholders in order to obtain the stockholder approvals necessary to complete the merger as more fully described in the accompanying joint proxy statement/prospectus. **Whether or not you expect to attend the special meeting in person, we urge you to submit your proxy as promptly as possible. You have a choice of submitting your proxy over the Internet, by telephone or by marking, signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided. Please refer to the instructions on the enclosed proxy card.**

Ursula M. Burns

Lynn R. Blodgett

Chief Executive Officer of Xerox Corporation

President and CEO of Affiliated Computer Services, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in connection with the merger or determined if the accompanying joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The accompanying joint proxy statement/prospectus is dated [], 2009, and is first being mailed or otherwise delivered to stockholders of Xerox and stockholders of ACS on or about [], 2009.

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ADDITIONAL INFORMATION

The accompanying joint proxy statement/prospectus incorporates by reference important business and financial information about Xerox and ACS from documents that are not included in or delivered with the joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Xerox Corporation	Affiliated Computer Services, Inc.
45 Glover Avenue	2828 North Haskell
P.O. Box 4505	Dallas, Texas 75204
Norwalk, Connecticut 06856-4505	Attention: Investor Relations
Attention: Investor Relations	(214) 841-8281
(203) 968-3000	<i>www.acs-inc.com (Investor Relations tab)</i>

www.xerox.com (Investor Relations tab)

In addition, if you have questions about the merger or the special meetings, or if you need to obtain copies of the accompanying joint proxy statement/prospectus, proxy cards, election forms or other documents incorporated by reference in the joint proxy statement/prospectus, you may contact the appropriate contact listed below. You will not be charged for any of the documents you request.

If you are a Xerox stockholder:	If you are an ACS stockholder:
Innisfree M&A Incorporated	MacKenzie Partners Inc.
501 Madison Avenue, 20th Floor	105 Madison Avenue
New York, NY 10022	New York, NY 10016
(877) 456-3442 (toll free)	(800) 322-2885 (toll free)
(212) 750-5833 (banks and brokers collect)	(212) 929-5500 (collect)

E-mail: acsproxy@mackenziepartners.com

If you would like to request documents, please do so by [], 2009, in order to receive them before the special meetings.

For a more detailed description of the information incorporated by reference in the accompanying joint proxy statement/prospectus and how you may obtain it, see *Where You Can Find More Information* beginning on page 177 of the accompanying joint proxy statement/prospectus.

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Xerox Corporation

45 Glover Avenue

P.O. Box 4505

Norwalk, CT 06856-4505

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

[], 2009

Dear Stockholders:

You are cordially invited to attend a special meeting of stockholders of Xerox Corporation (Xerox) to be held on [], at [], local time, at [], unless the special meeting is adjourned or postponed. The purposes of the special meeting are to consider and vote upon the following matters:

1. a proposal to approve the issuance of shares of Xerox common stock required to be issued to Affiliated Computer Services, Inc. (ACS) stockholders pursuant to the Agreement and Plan of Merger (the merger agreement), dated as of September 27, 2009, among Xerox, Boulder Acquisition Corp. (a wholly-owned subsidiary of Xerox established for the purpose of effecting the merger) and ACS, which provides for the merger of ACS with and into Boulder Acquisition Corp. (the merger); and

2. a proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies. The accompanying joint proxy statement/prospectus describes the merger agreement and the proposed merger in detail. **THE XEROX BOARD OF DIRECTORS HAS DETERMINED THAT THE MERGER AGREEMENT AND MERGER ARE ADVISABLE AND IN THE BEST INTERESTS OF XEROX AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE THE ISSUANCE OF SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED PURSUANT TO THE MERGER AGREEMENT AND FOR THE PROPOSAL TO APPROVE THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES.** We cannot complete the merger unless the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement is approved by the affirmative vote of holders of a majority in voting power of the shares of Xerox common stock represented (whether in person or by proxy) at the Xerox special meeting or any adjournment or postponement thereof (provided that at least a majority in voting power of the shares of Xerox common stock outstanding are represented in person or by proxy at such meeting or any adjournment or postponement thereof).

Stockholders of record of Xerox common stock as of the close of business on [], 2009, are entitled to receive notice of the special meeting and to vote at it or at any adjournment or postponement thereof. Stockholders who hold shares in street name may vote through their brokers, banks or other nominees. If you wish to attend the special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares. A list of stockholders eligible to vote at the special meeting will be available for inspection at the special meeting.

For the Board of Directors,

Anne M. Mulcahy

Chairman of the Board

Your vote is very important. Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy over the Internet, by telephone or by marking, signing and dating the enclosed proxy card and

returning it in the postage-paid envelope provided. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy will not be used.

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AFFILIATED COMPUTER SERVICES, INC.

2828 North Haskell Avenue

Dallas, Texas 75204

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

[], 2009

To the stockholders of Affiliated Computer Services, Inc:

A special meeting of the stockholders of Affiliated Computer Services, Inc. (ACS) will be held at [] on [], at [], central standard time, unless the special meeting is adjourned or postponed. At the special meeting, ACS stockholders will be asked to:

consider and act on a proposal to adopt the Agreement and Plan of Merger (the merger agreement), dated as of September 27, 2009, among Xerox, Boulder Acquisition Corp. (a wholly-owned subsidiary of Xerox established for the purpose of effecting the merger) and ACS, which provides for the merger of ACS with and into Boulder Acquisition Corp. (the merger) and pursuant to which ACS stockholders will have the right to receive, for each share of ACS Class A common stock held immediately prior to the merger (i) 4.935 shares of Xerox common stock and (ii) \$18.60 in cash, and for each share of ACS Class B common stock held immediately prior to the merger (i) 4.935 shares of Xerox common stock, (ii) \$18.60 in cash and (iii) a fraction of a share of a new series of preferred stock to be issued by Xerox and designated as Xerox Corporation Series A Convertible Perpetual Preferred Stock; and

approve the adjournment of the ACS special meeting (if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement).

The accompanying joint proxy statement/prospectus describes the merger agreement and the proposed merger in detail.

Please note that only stockholders of record as of the close of business on [], 2009 will be eligible to vote at the special meeting. Stockholders who hold shares in street name may vote through their brokers, banks or other nominees. If you wish to attend the special meeting and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares. Your vote is important. You may submit a proxy over the Internet, by telephone or by mail. In order to complete the merger, the affirmative vote of holders of a majority in voting power of the outstanding shares of ACS Class A common stock and ACS Class B common stock, voting together as a single class, entitled to vote on such proposal at such meeting at which a quorum is present must vote to adopt the merger agreement.

Under Delaware law, holders of record of ACS common stock who do not vote in favor of adoption of the merger agreement and who properly demand appraisal of their shares will have the right to seek appraisal of the fair value of their shares of ACS common stock if the merger is completed. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law, including, among other things, submitting a written demand for appraisal to ACS before the vote is taken on the merger proposal. These procedures are summarized in the accompanying joint proxy statement/prospectus in the section entitled The Merger Appraisal Rights beginning on page 128 (the text of the applicable provisions of Delaware law is included as Annex G to the accompanying joint proxy statement/prospectus).

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For more information about the transactions contemplated by the merger agreement and the ACS special meeting, please review carefully the accompanying joint proxy statement/prospectus, the annexes thereto and the information incorporated thereto.

THE ACS BOARD OF DIRECTORS (OTHER THAN MR. DARWIN DEASON, WHO WAS RECUSED FROM THE MEETING), ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE STRATEGIC TRANSACTION COMMITTEE OF THE ACS BOARD OF DIRECTORS, UNANIMOUSLY RECOMMENDS THAT ACS STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE PROPOSAL TO APPROVE THE ADJOURNMENT OF THE ACS SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT.

Very truly yours,

Lynn R. Blodgett

President and CEO

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

*The following questions and answers are intended to address briefly some commonly asked questions regarding the merger and the special meetings. These questions and answers may not address all questions that may be important to you as a stockholder. To better understand these matters, and for a description of the legal terms governing the merger, you should carefully read this entire joint proxy statement/prospectus, including the annexes, as well as the documents that have been incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 177. All references in this joint proxy statement/prospectus to *Xerox* refer to Xerox Corporation, a New York corporation; all references in this joint proxy statement/prospectus to *ACS* refer to Affiliated Computer Services, Inc., a Delaware corporation; all references in this joint proxy statement/prospectus to *Merger Sub* refer to Boulder Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of Xerox; unless otherwise indicated or as the context requires, all references in this joint proxy statement/prospectus to *we* refer to Xerox and ACS; and all references to the *merger agreement* refer to the Agreement and Plan of Merger, dated September 27, 2009, among Xerox, Merger Sub and ACS, a copy of which is attached as Annex A to this joint proxy statement/prospectus.*

About the Merger

Q: *Why am I receiving this joint proxy statement/prospectus?*

A: Xerox and ACS have entered into the merger agreement, pursuant to which ACS will be merged with and into Boulder Acquisition Corp., with Boulder Acquisition Corp. continuing as the surviving corporation in the merger. Xerox is holding a special meeting of stockholders in order to obtain the stockholder approval necessary to issue shares of Xerox common stock required to be issued pursuant to the merger agreement, as described in this joint proxy statement/prospectus. ACS is holding a special meeting of stockholders in order to obtain the stockholder approval necessary to adopt the merger agreement, as described in this joint proxy statement/prospectus.

We will be unable to complete the merger unless both the Xerox and ACS stockholder approvals are obtained at the respective special meetings.

We have included in this joint proxy statement/prospectus important information about the merger, the merger agreement (a copy of which is attached as Annex A) and the Xerox and ACS special meetings. You should read this information carefully and in its entirety. The enclosed voting materials allow you to vote your shares without attending the applicable special meeting. Your vote is very important and we encourage you to submit your proxy as soon as possible.

Q: *What will I receive in the merger?*

A: If the merger is completed, holders of ACS Class A common stock will receive for each share of ACS Class A common stock held immediately prior to the merger (other than shares owned directly or indirectly by Xerox or ACS (which will be cancelled) and other than those shares with respect to which appraisal rights are properly exercised and not withdrawn, if any, which we collectively refer to in this joint proxy statement/prospectus as the *excluded shares*) (i) 4.935 shares of Xerox common stock and (ii) \$18.60 in cash.

If the merger is completed, holders of ACS Class B common stock (which, together with the ACS Class A common stock, we refer to in this joint proxy statement/prospectus as the *ACS common stock*) will receive for each share of ACS Class B common stock held immediately prior to the merger (other than excluded shares) (i) 4.935 shares of Xerox common stock, (ii) \$18.60 in cash and (iii) a fraction of a share of a new series of preferred stock to be issued by Xerox and designated as Xerox Corporation Series A Convertible Perpetual Preferred Stock, which we refer to in this joint proxy statement/prospectus as the

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Xerox Convertible Preferred Stock. As of the date of the execution of the merger agreement, Mr. Darwin Deason, Chairman of the ACS board of directors, whom we refer to in this joint proxy statement/prospectus as Mr. Deason, was the sole holder of ACS Class B common stock. The Xerox Convertible Preferred Stock will rank senior to the Xerox common stock with respect to dividend rights and rights on liquidation, winding-up and dissolution of Xerox. A description of additional terms of the Xerox Convertible Preferred Stock is set forth under the section entitled Description of Xerox Convertible Preferred Stock beginning on page 162.

ACS stockholders will not receive any fractional shares of Xerox common stock in the merger. Instead, the total number of shares of Xerox common stock that each ACS stockholder would have been entitled to receive will be rounded down to the nearest whole number, and Xerox will pay cash for the remaining fractional share of Xerox common stock that an ACS stockholder would otherwise have been entitled to receive. The amount of cash payable for such fractional share of Xerox common stock will be determined by multiplying the fraction (after taking into account all shares of ACS common stock that are converted by such ACS stockholder) by the per share closing price of Xerox common stock on the last trading day immediately prior to the completion of the merger.

Xerox stockholders will not receive any merger consideration and will continue to hold their shares of Xerox common stock.

Q: *How do I calculate the value of the merger consideration?*

A: Because Xerox will issue a fixed number of shares of Xerox common stock in exchange for each share of ACS common stock, the value of the merger consideration that ACS stockholders will receive in the merger for each share of ACS common stock will depend on the price per share of Xerox common stock at the time the merger is completed. That price will not be known at the time of the meeting and may be less than the current price or the price at the time of the meeting.

Based on the closing price of \$9.02 per share of Xerox common stock on the New York Stock Exchange, which we refer to in this joint proxy statement/prospectus as the NYSE, on September 25, 2009, the last trading day before the public announcement of the merger, the merger consideration for ACS Class A common stock represented approximately \$63.11 per share of ACS Class A common stock, a 33.6% premium over the closing price of \$47.25 per share of ACS Class A common stock on the NYSE on September 25, 2009. Based on the closing price of \$[] per share of Xerox common stock on the NYSE on [], the latest practicable date before the printing of this joint proxy statement/prospectus, the merger consideration for ACS Class A common stock represented approximately \$[] per share of ACS Class A common stock. Former ACS stockholders are currently expected to own approximately 36% of the shares of Xerox common stock outstanding immediately after the merger, based on the number of shares of Xerox common stock issued and outstanding as of September 27, 2009, the date of the execution of the merger agreement.

Q: *What conditions must be satisfied to complete the merger?*

A: Xerox and ACS are not required to complete the merger unless a number of conditions are satisfied or waived. These conditions include receipt of both Xerox and ACS stockholder approvals, expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to in this joint proxy statement/prospectus as the HSR Act, receipt of other regulatory consents and receipt of legal opinions that the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to in this joint proxy statement/prospectus as the Code. In addition, Xerox is not required to complete the merger if the lenders providing Xerox with debt financing in connection with the merger have declined to provide such financing for certain reasons. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see The Merger Agreement Conditions to the Merger beginning on page 148.

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Q: *What constitutes a quorum?*

A: *Xerox:* Holders of a majority in voting power of the Xerox common stock issued and outstanding and entitled to vote thereat, represented (whether in person or by proxy) at the Xerox special meeting, will constitute a quorum to conduct business at the Xerox special meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the Xerox special meeting will have the power to adjourn the meeting.

ACS: Holders of a majority in voting power of the ACS common stock issued and outstanding and entitled to vote thereat, represented (whether in person or by proxy) at the ACS special meeting, will constitute a quorum to conduct business at the ACS special meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will have the power to adjourn the meeting.

Q: *What vote is required to approve each proposal?*

A: *Proposal to Issue Shares of Xerox Common Stock:* The affirmative vote of holders of a majority in voting power of the shares of Xerox common stock represented (whether in person or by proxy) at the Xerox special meeting or any adjournment or postponement thereof is required to approve the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement (provided that at least a majority in voting power of the shares of Xerox common stock outstanding are represented (whether in person or by proxy) at such meeting or any adjournment or postponement thereof). **Because the vote required to approve this proposal is based upon the total number of Xerox shares represented at the Xerox special meeting, the abstention from voting by a stockholder will have the same effect as a vote against such proposal.**

Proposal to Adopt the Merger Agreement: The affirmative vote of holders of a majority in voting power of the outstanding shares of ACS common stock, voting together as a single class, is required to adopt the merger agreement. **Because the vote required to approve this proposal is based upon the voting power of the total number of outstanding shares of ACS common stock, the failure to submit a proxy card (or the failure to submit a proxy by telephone or over the Internet or to vote in person at the ACS special meeting) or the abstention from voting by a stockholder will have the same effect as a vote against such proposal.** A broker non-vote will also have the same effect as a vote against such proposal. See *The ACS Special Meeting Quorum* beginning on page 56.

Proposal to Adjourn the Xerox Special Meeting: Assuming a quorum of stockholders is represented (whether in person or by proxy) at the Xerox special meeting, the affirmative vote of holders of a majority of the votes cast in favor of or against such proposal by holders of shares of Xerox common stock is required to adjourn the Xerox special meeting, if necessary or appropriate, including to solicit additional proxies. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the Xerox special meeting will have the power to adjourn the meeting.

Proposal to Adjourn the ACS Special Meeting: Assuming a quorum of stockholders is represented (whether in person or by proxy) at the ACS special meeting, the affirmative vote of holders of a majority in voting power of the shares of ACS common stock represented (whether in person or by proxy) at such meeting and entitled to vote thereon and which has actually been voted, is required to adjourn the ACS special meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will have the power to adjourn the meeting.

Q: *When do you expect the merger to be completed?*

A: Xerox and ACS are working to complete the merger as quickly as possible, and we anticipate that it will be completed in the first calendar quarter of 2010. However, the merger is subject to various regulatory approvals and other conditions, and it is possible that factors outside the control of both companies could

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result in the merger being completed at a later time, or not at all. We expect that the stockholder approvals will be the last closing condition (other than those closing conditions that by their terms are to be satisfied at the closing) to be satisfied and if so, pursuant to the merger agreement, unless Xerox and ACS otherwise agree, the merger would be completed no later than three business days after the stockholder approvals are obtained.

Q: *What are the material U.S. federal income tax consequences of the merger to U.S. holders of shares of ACS Class A common stock?*

A: The merger is intended to qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Therefore, for U.S. federal income tax purposes, as a result of the merger, a U.S. holder of shares of ACS Class A common stock generally will only recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration and will recognize gain or loss with respect to any cash received in lieu of fractional shares of Xerox common stock. See *The Merger Material U.S. Federal Income Tax Consequences* beginning on page 125.

Q: *Are ACS stockholders entitled to appraisal rights?*

A: Yes. Under Delaware law, holders of shares of ACS common stock that meet certain requirements will have the right to dissent from the merger and obtain payment in cash for the fair value of their shares of ACS common stock, as determined by the Delaware Chancery Court, rather than the merger consideration. To exercise appraisal rights, ACS stockholders must strictly follow the procedures prescribed by Delaware law. These procedures are summarized under the section entitled *The Merger Appraisal Rights* beginning on page 128. In addition, the text of the applicable appraisal rights provisions of Delaware law is included as Annex G to this joint proxy statement/prospectus.

Q: *What are the recommendations of the Xerox and ACS boards of directors?*

A: Each board of directors has approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable and in the best interests of its stockholders.

THE XEROX BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE THE ISSUANCE OF SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED PURSUANT TO THE MERGER AGREEMENT. See *The Merger Recommendation of the Xerox Board of Directors; Xerox's Reasons for the Merger* beginning on page 103.

THE ACS BOARD OF DIRECTORS (OTHER THAN MR. DEASON, WHO WAS RECUSED FROM THE MEETING), ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE STRATEGIC TRANSACTION COMMITTEE OF THE ACS BOARD OF DIRECTORS, WHICH WE REFER TO IN THIS JOINT PROXY STATEMENT/PROSPECTUS AS THE STRATEGIC TRANSACTION COMMITTEE, UNANIMOUSLY RECOMMENDS THAT ACS STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT. See *The Merger Recommendation of the ACS Board of Directors; ACS's Reasons for the Merger* beginning on page 73.

Q: *If the merger is completed, when can I expect to receive the merger consideration for my shares of ACS common stock?*

A: *Certificated Shares:* As soon as reasonably practicable after the effective time of the merger and in no event later than three business days after the effective time, Xerox will cause an exchange agent to mail to each holder of certificated shares of ACS common stock a form of letter of transmittal and instructions for use in effecting the exchange of ACS common stock for the merger consideration. After receiving the proper documentation from a holder of ACS common stock, the exchange agent will deliver to such holder the cash, Xerox common stock and, if applicable, Xerox Convertible Preferred Stock to which such holder is entitled under the merger agreement. More information

on the documentation a holder of ACS common

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stock is required to deliver to the exchange agent may be found under the section entitled "The Merger - Manner and Procedure for Exchanging Shares of ACS Common Stock; No Fractional Shares" beginning on page 123.

Book-Entry Shares: Each holder of record of one or more book-entry shares of ACS common stock whose shares were converted into the right to receive the merger consideration will automatically, upon the effective time of the merger, be entitled to receive, and Xerox will cause the exchange agent to deliver to such holder as promptly as practicable after the effective time, the cash, Xerox common stock and, if applicable, Xerox Convertible Preferred Stock to which such holder is entitled under the merger agreement. Holders of book-entry shares will not be required to deliver a certificate or an executed letter of transmittal to the exchange agent to receive the merger consideration.

Q: *What happens if I sell my shares of ACS common stock before the ACS special meeting?*

A: The record date of the ACS special meeting, which we refer to in this joint proxy statement/prospectus as the ACS record date, is earlier than the date of the ACS special meeting and the date that the merger is expected to be completed. If you transfer your shares after the ACS record date but before the ACS special meeting, you will retain your right to vote at the ACS special meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through completion of the merger.

About the Special Meeting

Q: *When and where will the Xerox and ACS special meetings be held?*

A: *Xerox:* The Xerox special meeting will be held at [], on [], at [], local time.
ACS: The ACS special meeting will be held at [] on [], at [], central standard time.

Q: *Who is entitled to vote at the Xerox and ACS special meetings?*

A: Xerox has fixed [], 2009 as the record date for the Xerox special meeting, which we refer to in this joint proxy statement/prospectus as the Xerox record date. If you were a Xerox stockholder at the close of business on the Xerox record date, you are entitled to vote on matters that come before the Xerox special meeting. However, a Xerox stockholder may only vote his or her shares if he or she is present in person or is represented by proxy at the Xerox special meeting.
ACS has fixed [], 2009 as the ACS record date. If you were an ACS stockholder at the close of business on the ACS record date, you are entitled to vote on matters that come before the ACS special meeting. However, an ACS stockholder may only vote his or her shares if he or she is present in person or is represented by proxy at the ACS special meeting.

Q: *How many votes do I have?*

A: You are entitled to one vote for each Xerox common share that you owned as of the Xerox record date. As of the close of business on the Xerox record date, there were [] outstanding shares of Xerox common stock.
You are entitled to one vote for each share of ACS Class A common stock that you owned as of the ACS record date. As of the close of business on the ACS record date, there were [] outstanding shares of ACS Class A common stock. The holders of ACS Class B common stock are entitled to ten votes for each share of ACS Class B common stock that such holders owned as of the ACS record date. As of the close of business on the ACS record date, there were [] outstanding shares of ACS Class B common stock. As of the date of the execution of the merger agreement, Mr. Deason was the sole holder of ACS Class B common stock. See "The ACS Special Meeting - Voting by ACS's Directors and Executive Officers" beginning on page 56.

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Q: *What if I hold shares in both Xerox and ACS?*

A: If you are a stockholder of both Xerox and ACS, you will receive two separate packages of proxy materials. A vote as an ACS stockholder for the proposal to adopt the merger agreement will not constitute a vote as a Xerox stockholder for the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement, or vice versa. **THEREFORE, PLEASE MARK, SIGN, DATE AND RETURN ALL PROXY CARDS THAT YOU RECEIVE, WHETHER FROM XEROX OR ACS, OR SUBMIT A PROXY AS BOTH A XEROX AND ACS STOCKHOLDER OVER THE INTERNET OR BY TELEPHONE.**

Q: *My shares are held in street name by my broker. Will my broker automatically vote my shares for me?*

A: No. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your brokerage firm, bank or other nominee, or their agent. As the beneficial holder, you have the right to direct your broker, bank or other nominee as to how to vote your shares. If you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which your broker does not have discretionary authority to vote. This is called a broker non-vote.

We believe that under the current rules of the NYSE, (i) broker non-votes will not be counted for purposes of determining the presence or absence of a quorum at the Xerox special meeting or the ACS special meeting and (ii) brokers do not have discretionary authority to vote on either of the Xerox proposals or on either of the ACS proposals. **A broker non-vote will have the same effect as a vote against adoption of the merger agreement but will have no effect on the other proposals.**

Q: *How are my employee plan shares voted?*

A: *Employees of Xerox:* Beneficial owners of shares of Xerox common stock held in their accounts in the Xerox Employee Stock Ownership Plan, which we refer to in this joint proxy statement/prospectus as the ESOP, can instruct State Street Bank and Trust Company, as the ESOP trustee, which we refer to in this joint proxy statement/prospectus as the ESOP Trustee, by telephone, over the Internet or by sending a completed proxy card by mail, how to vote. No matter which method is used, your voting instructions are confidential and will not be disclosed to Xerox. By providing your voting instruction in one of these ways, you instruct the ESOP Trustee to vote the shares allocated to your ESOP account. You also authorize the ESOP Trustee to vote a proportion of the shares of Xerox common stock held in the ESOP trust for which no instructions have been received. To allow sufficient time for voting by the ESOP Trustee, you must provide voting instructions to the trustees no later than [], central standard time, on []. For more information about the voting of plan shares by the trustees of the Xerox employee benefit plans, see *The Xerox Special Meeting ESOP Voting Instruction* beginning on page 52.

Employees of ACS: In certain cases, the proxy card, or a proxy submitted by telephone or over the Internet, will also serve as voting instructions to the plan administrator or trustee for shares held on behalf of a participant under certain employee benefit plans, described under the section entitled *The ACS Special Meeting How to Vote* beginning on page 57. To ensure that all shares are voted, please sign and return every proxy card received or submit a proxy by telephone or over the Internet for each proxy card. If you are a registered stockholder of ACS and/or you own shares of ACS common stock through an ACS employee benefit plan, and the accounts are in the same name, you will receive a proxy card representing your combined directly-owned and plan-owned shares that will serve as voting instructions to the designated ACS proxy, if applicable, and also to the trustees of those plans. To allow sufficient time for voting by the trustees of the plans, participants in ACS employee benefit plans must provide voting instructions to the trustees no later than [] on []. For more information about the voting of plan shares by the trustees of the ACS employee benefit plans, see *The ACS Special Meeting How to Vote* beginning on page 57.

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Q: *What do I need to do now?*

A: Read and consider the information contained in this joint proxy statement/prospectus carefully, and then please vote your shares as soon as possible so that your shares may be represented at your special meeting.

Q: *How do I vote?*

A: If you are entitled to vote at your company's special meeting, you can vote in person by completing a ballot at the special meeting, or you can vote by proxy before the special meeting. Even if you plan to attend your company's special meeting, we encourage you to vote your shares by proxy as soon as possible. After carefully reading and considering the information contained in this joint proxy statement/prospectus, please submit your proxy by telephone or over the Internet in accordance with the instructions set forth on the enclosed proxy card, or mark, sign and date the proxy card, and return it in the enclosed postage-paid envelope as soon as possible so that your shares may be voted at your company's special meeting. For detailed information, see *The Xerox Special Meeting Proxies* beginning on page 52 and *The ACS Special Meeting How to Vote* beginning on page 57. **YOUR VOTE IS VERY IMPORTANT.**

Q: *Can I change my vote after I have submitted a proxy by telephone or over the Internet or submitted my completed proxy card?*

A: Yes. You can change your vote by revoking your proxy at any time before it is voted at the Xerox or ACS special meeting. You can revoke your proxy in one of four ways: (1) submit a proxy again by telephone or over the Internet prior to midnight on the night before the special meeting; (2) sign another proxy card with a later date and return it prior to midnight on the night before the special meeting; (3) attend the applicable special meeting and complete a ballot; or (4) send a written notice of revocation to the secretary of Xerox or ACS, as applicable, so that it is received prior to midnight on the night before the special meeting.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: *Should ACS or Xerox stockholders send in their share certificates now for the exchange?*

A: No. ACS stockholders should keep any share certificates they hold at this time. After the merger is completed, ACS stockholders holding ACS share certificates will receive a letter of transmittal and instructions on how to obtain cash, shares of Xerox common stock and, if applicable, shares of Xerox Convertible Preferred Stock to which they are entitled in exchange for their shares of ACS common stock. Xerox stockholders will continue to hold their shares of Xerox common stock after the merger. Xerox stockholders should keep any Xerox share certificates they hold both now and after the merger is completed.

Q: *What should stockholders do if they receive more than one set of voting materials for a special meeting?*

A: You may receive more than one set of voting materials for a special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. Please complete, sign, date and return each proxy card and voting instruction card that you receive. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card.

Q: *Who pays for this solicitation?*

A: The expense of filing, printing and mailing this joint proxy statement/prospectus and the accompanying material will be borne equally by Xerox and ACS. In addition, Xerox and ACS have engaged Innisfree M&A Incorporated and MacKenzie Partners Inc., respectively, to assist in the solicitation of proxies for

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their respective special meetings for a fee of approximately \$100,000 (of which \$25,000 is a success fee) and \$50,000, respectively. Each party will bear the costs related to the solicitation of proxies in connection with its special meeting.

Q: *Who should I call if I have questions about the proxy materials or voting procedures?*

A: If you have questions about the merger, or if you need assistance in submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact the proxy solicitation agent for the company in which you hold shares. If you are a Xerox stockholder, you should contact Innisfree M&A Incorporated, the proxy solicitation agent for Xerox, by mail at 501 Madison Avenue, 20th Floor, New York, NY 10022, by telephone toll free at (877) 456-3442 (banks and brokers may call collect at (212) 750-5833). If you are an ACS stockholder, you should contact MacKenzie Partners Inc., the proxy solicitation agent for ACS, by mail at 105 Madison Avenue, New York, NY 10016, by telephone at (800) 322-2885 (toll free) or (212) 929-5500 (collect), or by e-mail at acsproxy@mackenziepartners.com. If your shares are held in a stock brokerage account or by a bank or other nominee, you should contact your broker, bank or other nominee for additional information.

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SUMMARY

The following summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that may be important to you. Accordingly, stockholders are encouraged to carefully read this entire joint proxy statement/prospectus, its annexes and the documents referred to or incorporated by reference in this joint proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that item. Please see the section entitled **Where You Can Find More Information** beginning on page 177.

Information about the Companies (Page 50)

Xerox Corporation

Xerox Corporation is a New York corporation and was founded in 1906. Xerox is a \$17.6 billion technology and services enterprise and a leader in the global document market. Xerox develops, manufactures, markets, services and finances a complete range of document equipment, software, solutions and services. Xerox operates in over 160 countries worldwide. Xerox sells its products and solutions directly to customers through its worldwide sales force and through a network of independent agents, dealers, value-added resellers, systems integrators and on the Web. Xerox's principal executive offices are located at 45 Glover Avenue, Norwalk, Connecticut 06856-4505 and its telephone number is (203) 968-3000.

Boulder Acquisition Corp.

Boulder Acquisition Corp. is a Delaware corporation and a direct wholly-owned subsidiary of Xerox. Boulder Acquisition Corp. was organized on September 21, 2009, solely for the purpose of effecting the merger with ACS. It has not carried on any activities other than in connection with the merger. Boulder Acquisition Corp.'s principal executive offices are located at 45 Glover Avenue, Norwalk, Connecticut 06856-4505 and its telephone number is (203) 968-3000.

Affiliated Computer Services, Inc.

Affiliated Computer Services, Inc. is a Delaware corporation and was founded in 1988. ACS is a provider of business process outsourcing and information technology services. ACS provides non-core, mission critical services that its clients need to run their day-to-day business. ACS's services are focused on vertical markets and centered on its clients' needs. The services ACS provides enable its clients to concentrate on their core operations, respond to rapidly changing technologies and reduce expenses associated with their business processes and information processing. ACS supports client operations in more than 100 countries. ACS's principal executive offices are located at 2828 North Haskell, Dallas, Texas 75204 and its telephone number is (214) 841-6111.

The Merger (Page 59)

On September 27, 2009, Xerox, Boulder Acquisition Corp. and ACS entered into the merger agreement, which is the legal document governing the proposed merger. Subject to the terms and conditions of the merger agreement, ACS will be merged with and into Boulder Acquisition Corp., with Boulder Acquisition Corp. continuing as the surviving corporation. Upon completion of the merger, ACS Class A common stock will no longer be publicly traded.

Merger Consideration (Pages 59 and 134)

As a result of the merger, each outstanding share of ACS Class A common stock, other than excluded shares, will be converted into the right to receive a combination of (i) 4.935 shares of Xerox common stock and (ii) \$18.60 in cash, without interest, which we collectively refer to in this joint proxy statement/prospectus as the

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Class A merger consideration. As a result of the merger, each outstanding share of ACS Class B common stock, other than excluded shares, will be converted into the right to receive (i) 4.935 shares of Xerox common stock, (ii) \$18.60 in cash, without interest, and (iii) a fraction of a share of Xerox Convertible Preferred Stock equal to $(x) 300,000$ divided by (y) the number of shares of ACS Class B common stock issued and outstanding as of the effective time of the merger, which we collectively refer to in this joint proxy statement/prospectus as the Class B merger consideration. The Xerox Convertible Preferred Stock will be issued pursuant to the authority granted to the Xerox board of directors in the certificate of incorporation of Xerox to create out of authorized and unissued shares of cumulative preferred stock a new series of preferred stock that will rank senior to the Xerox common stock with respect to dividend rights and rights on liquidation, winding-up and dissolution of Xerox. A description of the Xerox Convertible Preferred Stock to be issued in connection with the proposed transaction is set forth under the section entitled Description of Xerox Convertible Preferred Stock beginning on page 162.

Treatment of ACS Stock Options (Page 134)

Except for ACS stock options granted in August 2009 which will continue to vest and become exercisable in accordance with their terms without regard to any provisions relating to a change of control, as of the effective time of the merger, each outstanding ACS stock option to acquire shares of ACS common stock will, whether or not exercisable or vested at the effective time, become fully vested and exercisable and be converted into options to purchase Xerox common stock under the same terms and conditions (adjusted for the merger) as are in effect immediately prior to the effective time with respect to such ACS stock option and be exercisable for that number of whole shares of Xerox common stock equal to the product of the number of shares of ACS common stock that were subject to such ACS stock option immediately prior to the effective time of the merger multiplied by the Option Exchange Ratio, rounded down to the nearest whole number of shares of Xerox common stock. For purposes of this joint proxy statement/prospectus, Option Exchange Ratio means the number equal to the sum of (i) 4.935 plus (ii) the number obtained by dividing (1) \$18.60 by (2) the per share closing price of Xerox common stock on the NYSE on the last trading day immediately prior to the date of closing, as such price is reported on the screen entitled Comp/CLOSE/PRICE on Bloomberg. The per share exercise price for the shares of Xerox common stock issuable upon exercise of the assumed ACS stock options will be equal to the quotient determined by dividing the exercise price per share of ACS Class A common stock subject to the ACS stock option, as in effect immediately prior to the effective time of the merger, by the Option Exchange Ratio, rounded up to the nearest whole cent.

Total Xerox Shares to be Issued

Based on the number of shares of ACS common stock outstanding as of [], the latest practicable date before the printing of this joint proxy statement/prospectus, the total number of shares of Xerox common stock and Xerox Convertible Preferred Stock to be issued pursuant to the merger to ACS stockholders (assuming no ACS stock options are exercised between [] and the effective time of the merger) will be approximately [] and 300,000, respectively.

Table of Contents**Comparative Per Share Market Price and Dividend Information (Page 24)**

Xerox common stock is listed on the NYSE under the symbol XRX. ACS Class A common stock is listed on the NYSE under the symbol ACS. The following table shows the closing prices of Xerox common stock and ACS Class A common stock as reported on the NYSE on September 25, 2009, the last trading day before the merger agreement was announced, and on [], 2009, the last full trading day before the date of this joint proxy statement/prospectus. This table also shows the equivalent value of the merger consideration per share of ACS Class A common stock, which was calculated by adding (i) the cash portion of the merger consideration, or \$18.60, and (ii) the closing price of Xerox common stock as of the specified date multiplied by the exchange ratio of 4.935.

	ACS Class A Common Stock	Xerox Common Stock	Equivalent Value Per Share of ACS Class A Common Stock
September 25, 2009	\$ 47.25	\$ 9.02	\$ 63.11
[], 2009			

The market prices of Xerox common stock and ACS Class A common stock will fluctuate prior to the merger. You should obtain current market quotations for the shares.

Xerox currently pays a quarterly dividend on its common stock and last paid a dividend on October 30, 2009, of \$0.0425 per share. Under the terms of the merger agreement, during the period before the effective time of the merger, Xerox is prohibited from paying any dividends other than its regular quarterly dividends at the current rate, which is not to exceed \$0.0425 per share. On October 15, 2009, the Xerox board of directors declared a quarterly dividend on its common stock, which we refer to in this joint proxy statement/prospectus as the January dividend, in the amount of \$0.0425 per share payable on January 29, 2010 to holders of record on December 31, 2009. If the merger is completed on or before December 31, 2009, holders of ACS common stock whose shares were converted into the right to receive shares of Xerox common stock, as part of the merger consideration, will be entitled to receive the January dividend on such shares of Xerox common stock for which they were also the holder of record on December 31, 2009. If the merger is completed after December 31, 2009, holders of ACS common stock will not be entitled to receive the January dividend on any Xerox common stock which they receive as part of the merger consideration.

ACS currently does not pay a quarterly dividend on its common stock. Under the terms of the merger agreement, during the period before the effective time of the merger, ACS is prohibited from paying any dividends on its common stock.

ACS Special Meeting (Page 55)***When and Where***

The ACS special meeting will be held at [] on [], at [], central standard time, unless the special meeting is adjourned or postponed.

Purposes of the Special Meeting

At the special meeting, ACS stockholders will be asked to consider and act on a proposal to adopt the merger agreement and approve the adjournment of the ACS special meeting (if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement).

Record Date; Voting Power

Holders of ACS common stock as of the close of business on the ACS record date are entitled to vote at the special meeting or any adjournment or postponement thereof. Each outstanding share of ACS Class A common

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stock entitles its holder to cast one vote and each outstanding share of ACS Class B common stock entitles its holder to cast ten votes. As of the ACS record date, there were [] shares of ACS Class A common stock par value \$0.01 per share, outstanding and entitled to vote at the ACS special meeting and [] shares of ACS Class B common stock par value \$0.01 per share, outstanding and entitled to vote at the ACS special meeting.

Vote Required

The affirmative vote of holders of a majority in voting power of the outstanding shares of ACS common stock, voting together as a single class, is required to adopt the merger agreement. Mr. Deason has entered into a voting agreement with Xerox pursuant to which Mr. Deason has agreed, subject to certain exceptions, to vote all of his beneficially owned shares of ACS common stock, or approximately 43.6 % of the total voting power of the outstanding shares of ACS common stock as of September 27, 2009 in favor of the proposal to adopt the merger agreement. Assuming a quorum of stockholders is represented (whether in person or by proxy) at the ACS special meeting, in order to approve the proposal to adjourn the meeting (if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement), holders of a majority in voting power of the shares of ACS common stock represented (whether in person or by proxy) at such meeting and entitled to vote on the proposal and which has actually been voted must vote in favor of the proposal to adjourn the meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will have the power to adjourn the meeting. As of the close of business on the ACS record date, directors and executive officers of ACS and their affiliates had the right to vote [] shares of ACS Class A common stock and [] shares of ACS Class B common stock, or [] % of the combined voting power of the outstanding shares of ACS common stock entitled to vote at the ACS special meeting.

Xerox Special Meeting (Page 51)

When and Where

The Xerox special meeting will be held on [], beginning at [], local time, at [].

Purposes of the Special Meeting

At the special meeting, Xerox stockholders will be asked to consider and vote upon a proposal to approve the issuance of shares of Xerox common stock required to be issued to ACS stockholders pursuant to the merger agreement. You will also be asked to consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies.

Record Date; Voting Power

Holders of Xerox common stock as of the close of business on the Xerox record date are entitled to vote at the special meeting or any adjournment or postponement thereof. Each share of Xerox common stock is entitled to one vote. As of the Xerox record date, [] shares of Xerox common stock were outstanding.

Vote Required

Assuming a quorum of stockholders is represented (whether in person or by proxy) at the Xerox special meeting, the affirmative vote of holders of a majority in voting power of the shares of Xerox common stock represented (whether in person or by proxy) at such meeting or any adjournment or postponement thereof is required to approve the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement. Assuming a quorum of stockholders is represented (whether in person or by proxy) at the Xerox special meeting, the affirmative vote of holders of a majority of the votes cast in favor of or against such proposal by holders of shares of Xerox common stock is required to approve the proposal to adjourn the special

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meeting, if necessary or appropriate, including to solicit additional proxies. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the Xerox special meeting will have the power to adjourn the meeting. As of the close of business on the Xerox record date, directors and executive officers of Xerox and their affiliates had the right to vote [] shares of Xerox common stock, or [] % of the voting power of the outstanding shares of Xerox common stock.

Recommendation of the ACS Board of Directors (Page 73)

On September 27, 2009, the ACS board of directors (other than Mr. Deason, who was recused from the meeting), acting upon the unanimous recommendation of the Strategic Transaction Committee, unanimously:

determined the merger agreement and the merger to be advisable and in the best interests of ACS and its stockholders;

approved the merger agreement and the merger;

directed that the proposal to adopt the merger agreement be submitted to the holders of ACS common stock for their approval in accordance with the terms of the merger agreement; and

resolved to recommend that the stockholders of ACS adopt the merger agreement.

For more information about the Strategic Transaction Committee, see the section entitled "The Merger - Background of the Merger" beginning on page 59.

THE ACS BOARD OF DIRECTORS (OTHER THAN MR. DEASON, WHO WAS RECUSED FROM THE MEETING), ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE STRATEGIC TRANSACTION COMMITTEE, UNANIMOUSLY RECOMMENDS THAT ACS STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE PROPOSAL TO APPROVE THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT.

Opinion of Financial Advisor to ACS (Page 77)

In connection with the merger, the ACS board of directors received an opinion, dated September 27, 2009, from Citigroup Global Markets Inc., which we refer to in this joint proxy statement/prospectus as "Citi," as to the fairness, from a financial point of view, of the Class A merger consideration to be received in the merger by holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). The full text of Citi's written opinion, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion was directed to the ACS board of directors and addresses only the fairness, from a financial point of view, of the Class A merger consideration to be received in the merger by holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). The opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement.

Opinion of Financial Advisor to the Strategic Transaction Committee (Page 87)

In connection with the merger, the Strategic Transaction Committee received an opinion, dated September 27, 2009, from Evercore Group L.L.C., which we refer to in this joint proxy statement/prospectus as "Evercore," as to the fairness, from a financial point of view, of the Class A merger consideration to be received in the merger by holders of ACS Class A common stock (other than those holders who also hold shares of ACS

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Class B common stock) entitled to receive such Class A merger consideration. The full text of Evercore's written opinion, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion is attached as Annex D to this joint proxy statement/prospectus. The opinion was directed to the Strategic Transaction Committee and addresses only the fairness, from a financial point of view, of the Class A merger consideration to be received in the merger by holders of ACS Class A common stock (other than those holders who also hold shares of ACS Class B common stock) entitled to receive such Class A merger consideration. The opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement.

Recommendation of the Xerox Board of Directors (Page 103)

On September 27, 2009, the Xerox board of directors unanimously:

determined the merger agreement and the merger to be advisable and in the best interests of Xerox and its stockholders;

approved the merger agreement and the merger;

directed that the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement be submitted to the holders of Xerox common stock for their approval in accordance with the terms of the merger agreement; and

resolved to recommend that the stockholders of Xerox approve the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement.

THE XEROX BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE THE ISSUANCE OF SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED PURSUANT TO THE MERGER AGREEMENT AND FOR THE PROPOSAL TO APPROVE THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES.

Opinions of Financial Advisors to Xerox (Page 105)

In connection with the merger, the Xerox board of directors received separate opinions, each dated September 27, 2009, from Blackstone Advisory Services L.P., which we refer to in this joint proxy statement/prospectus as Blackstone, and J.P. Morgan Securities Inc., which we refer to in this joint proxy statement/prospectus as J.P. Morgan, in each case, as to the fairness to Xerox, from a financial point of view and as of the date of such opinion, of the aggregate consideration to be paid by Xerox to the holders of ACS common stock. The Blackstone opinion and the J.P. Morgan opinion, the full texts of which describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken, are attached as Annexes E and F, respectively, to this joint proxy statement/prospectus. Each opinion was directed to the Xerox board of directors and was limited to the fairness to Xerox, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger, and neither Blackstone nor J.P. Morgan expressed any opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Xerox or as to the underlying decision by Xerox to engage in the merger. Neither opinion constitutes a recommendation to any stockholder as to how such holder should vote with respect to the merger or other matter.

Interests of ACS's Directors and Executive Officers in the Transaction (Page 117)

Aside from their interests as ACS stockholders, ACS's directors and executive officers have financial interests in the merger that are different from those of other ACS stockholders. The members of the ACS board of directors and the Strategic Transaction Committee were aware of and considered these potential interests,

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among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the ACS stockholders that the merger agreement be adopted. See *The Merger* *Interests of ACS's Directors and Executive Officers in the Transaction* beginning on page 117 for additional information about these financial interests.

Governmental and Regulatory Approvals (Page 124)

Under the HSR Act, the merger may not be completed until notification and report forms have been filed with the Antitrust Division of the U.S. Department of Justice, which we refer to in this joint proxy statement/prospectus as the DOJ, and the U.S. Federal Trade Commission, which we refer to in this joint proxy statement/prospectus as the FTC, and the applicable waiting period has expired or been terminated. Xerox and ACS filed the required HSR notification and report forms on October 15, 2009, and the HSR waiting period expired on November 16, 2009. The merger is also subject to approval by the governmental authorities in the European Union. Xerox and ACS plan to file a formal notification of the merger with the European Commission at the appropriate time. The European Commission will have 25 business days after receipt of such formal notification, which period may be extended by the European Commission in certain circumstances, to issue its decision regarding the merger. Although not a condition to the completion of the merger, the Financial Services Authority, which we refer to in this joint proxy statement/prospectus as the FSA, in the United Kingdom also requires Xerox to receive prior approval for a change in control over two FSA-regulated subsidiaries of ACS. In addition, although not a condition to the completion of the merger, Xerox and ACS made the competition filing required under the laws of Brazil on October 19, 2009.

Financing (Page 158)

On September 27, 2009, Xerox entered into a debt commitment letter, which we refer to in this joint proxy statement/prospectus as the debt commitment letter, with JPMorgan Chase Bank, N.A. and J.P. Morgan Securities Inc., pursuant to which, subject to the conditions set forth in the debt commitment letter, JPMorgan Chase Bank, N.A. committed to provide to Xerox unsecured bridge financing of up to \$3.0 billion, the proceeds of which would be used (i) first, to repay or redeem ACS's indebtedness outstanding on the closing date other than its 5.20% senior notes due 2015, 4.70% senior notes due 2010 and capitalized lease obligations and (ii) second, to fund, in part, the cash consideration for the merger and pay certain fees and expenses in connection with the merger. For a more complete description of Xerox's debt financing for the merger, see the section entitled *Description of Debt Financing* beginning on page 158.

No Solicitation (Page 141)

Subject to certain exceptions, each of Xerox and ACS has agreed not to solicit, knowingly initiate or knowingly encourage, or knowingly facilitate any takeover proposal from any third party relating to an acquisition, or enter into an agreement relating to an acquisition proposal by a third party. Notwithstanding these restrictions, the merger agreement provides that, under specific circumstances, each of Xerox and ACS may furnish information to, and participate in discussions and negotiations with, third parties in response to an unsolicited acquisition proposal that, in the good faith judgment of its board of directors, constitutes or could reasonably be expected to lead to a superior proposal (as defined in the merger agreement). For additional information on the Undertaking agreed to by ACS relating to its non-solicitation obligation under the merger agreement, see the section entitled *The Merger* *Litigation Relating to the Merger* beginning on page 132.

Restrictions on Recommendation Withdrawal (Page 141)

The merger agreement generally restricts the ability of each of the Xerox and ACS boards of directors from withdrawing its recommendation that its stockholders adopt the merger agreement or approve the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement, as applicable. However, each of the Xerox board of directors and the ACS board of directors may withdraw its recommendation in

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response to (i) an intervening event (as defined in the merger agreement) or (ii) a superior proposal if, in either case, such board of directors concludes in good faith that the failure to take such action would reasonably be expected to be inconsistent with its fiduciary duties after Xerox and ACS have negotiated for three business days to amend the merger agreement in such a manner such that the failure by such board of directors to change its recommendation would no longer reasonably be expected to be inconsistent with its fiduciary duties.

Conditions to Completion of the Merger (Page 148)

Each party's obligation to complete the merger is subject to the satisfaction or waiver of various conditions that include the following:

adoption of the merger agreement by the ACS stockholders and the approval of the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement by the Xerox stockholders;

approval for listing on the NYSE of shares of Xerox common stock (i) to be issued pursuant to the merger, (ii) to be reserved for issuance upon the exercise of Xerox stock options issued in exchange for ACS stock options and (iii) to be reserved for issuance upon the conversion of Xerox Convertible Preferred Stock;

absence of any injunctions, orders or laws that would prohibit the merger;

receipt of required regulatory approvals;

effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part;

the receipt by each party of a legal opinion of their respective tax counsel that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code;

the representations and warranties of the other party will be true and correct, subject to certain materiality thresholds;

the other party will have performed in all material respects all of its obligations under the merger agreement; and

in the case of Xerox, the financing sources not having declined to make the financing (or alternate financing, if applicable) available primarily by reason of the failure of either or both of the following conditions, which we refer to in this joint proxy statement/prospectus as the Specified Financing Conditions :

Xerox shall have received (i) from Standard & Poor's, within one week of the closing date, a reaffirmation of the corporate credit rating of Xerox after giving effect to the merger and the other transactions contemplated by the merger agreement, which shall be BBB- or higher (stable) on the closing date and (ii) from Moody's, within one week of the closing date, a reaffirmation of the corporate family rating of Xerox after giving effect to the merger and the other transactions contemplated by the merger agreement, which shall be Baa3 or higher (stable) on the closing date. In addition, the credit ratings (after giving effect to the merger and the other transactions contemplated by the merger agreement (including any issuance of notes (as defined in the debt commitment letter))), of each issue of notes outstanding on the closing date (for the avoidance of doubt, not including the outstanding 8% trust preferred securities) of Xerox or any of its subsidiaries shall be at least BBB- (stable) from Standard & Poor's and Baa3 (stable) from Moody's on the closing date; or

since June 30, 2009, and subject to specified exceptions, there has not been any event, occurrence, development or state of circumstances or facts or condition that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on Xerox or ACS.

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Closing (Page 134)

Under the terms of the merger agreement, the closing will occur on a date, which we refer to in this joint proxy statement/prospectus as the closing date, to be specified by the parties, which will be no later than the third business day after the satisfaction or waiver of all conditions to closing (other than those conditions that by their terms are to be satisfied at the closing).

Termination of the Merger Agreement (Page 150)

The merger agreement may be terminated at any time prior to the completion of the merger, whether before or after receipt of the Xerox and ACS stockholder approvals:

by mutual written consent of Xerox, ACS and Boulder Acquisition Corp.; or

by either Xerox or ACS if:

the merger has not been completed by June 27, 2010;

a required regulatory approval has been denied and such denial is final and non-appealable or a governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the merger, and such action has become final and non-appealable;

either of the required stockholder approvals has not been obtained at the applicable special meeting;

the other party has breached its respective representations, warranties or covenants under the merger agreement such that the applicable closing conditions would not be satisfied (and such breach is incapable of being cured prior to June 27, 2010); or

the other party, prior to obtaining its stockholder approval: (i) adversely modified its recommendation in favor of the merger, (ii) materially breached its obligations regarding non-solicitation of takeover proposals or its obligations regarding a special meeting, (iii) approved, recommended or entered into, an agreement with respect to a takeover proposal or (iv) publicly proposed or announced its intention to do any of the actions described in clause (i), (ii) or (iii).

For additional information on the November Stipulation agreed to by ACS and Xerox relating to the termination of the merger agreement in connection with a superior proposal (as defined in the merger agreement), see the section entitled "The Merger - Litigation Relating to the Merger" beginning on page 132.

Termination Fees (Page 152)

The merger agreement contains certain termination rights and provides that ACS must pay Xerox a cash termination fee of \$194 million if (i) the merger agreement is terminated under specified circumstances, including a change in the recommendation of the ACS board of directors or (ii) (A) a third-party takeover proposal for ACS is made known to ACS or its stockholders or publicly announced after the date of the merger agreement, (B) thereafter the merger agreement is terminated under specified circumstances, including a failure to complete the merger by June 27, 2010, a failure to obtain the ACS stockholder approval at the ACS special meeting or any adjournment or postponement thereof, a material breach by ACS of a covenant or agreement in the merger agreement, or a material breach by the ACS board of directors of its no shop obligations or its obligation to call a stockholder vote and (C) within 12 months after such termination ACS enters into a definitive agreement with respect to, or consummates, a takeover proposal with a third party.

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Xerox must pay ACS a cash termination fee of \$235 million if (i) the merger agreement is terminated under specified circumstances, including a change in the recommendation of the Xerox board of directors or (ii) (A) a third-party takeover proposal for Xerox is made known to Xerox or its stockholders or publicly announced after the date of the merger agreement, (B) thereafter the merger agreement is terminated under specified circumstances, including a failure to complete the merger by June 27, 2010, a material breach by Xerox of a covenant or agreement in the merger agreement, or a material breach by the Xerox board of directors of its no shop obligations or its obligation to call a stockholder vote and (C) within 12 months after such termination Xerox enters into a definitive agreement with respect to, or consummates, a takeover proposal with a third party. In the event that the Xerox stockholder approval is not obtained at the Xerox special meeting or any adjournment or postponement thereof, Xerox must pay ACS a fee of \$65 million, and the \$235 million termination fee, if later payable by Xerox to ACS, will be reduced by the amount of any vote down fee previously paid.

Xerox is also obligated to pay ACS a cash termination fee of \$323 million if the merger agreement is terminated because the merger is not completed by June 27, 2010 and on such date, all conditions to closing other than (i) the condition relating to Xerox's financing sources not declining to make the financing (or alternative financing, if applicable) available primarily by reason of the failure to satisfy either or both of the Specified Financing Conditions and (ii) the other conditions that, by their nature, cannot be satisfied until closing, but subject to the fulfillment or waiver of those conditions, have been satisfied or waived.

Material U.S. Federal Income Tax Consequences (Page 125)

The merger is intended to qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Therefore, for U.S. federal income tax purposes, as a result of the merger, a U.S. holder of shares of ACS Class A common stock generally will only recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration and will recognize gain or loss with respect to any cash received in lieu of fractional shares of Xerox common stock.

Appraisal Rights (Page 128)

Under Delaware law, ACS stockholders of record who do not vote in favor of the merger and properly make a demand for appraisal will be entitled to exercise appraisal rights and obtain payment in cash for the judicially-determined fair value of their shares of ACS common stock in connection with the merger if the merger is completed. The relevant provisions of the General Corporation Law of the State of Delaware, which we refer to in this joint proxy statement/prospectus as the DGCL, are included as Annex G to this joint proxy statement/prospectus.

Listing of Xerox Common Stock on the NYSE (Page 132)

Xerox common stock received by ACS stockholders in the merger will be listed on the NYSE under the symbol XRX. After completion of the merger, it is expected that Xerox common stock will continue to be traded on the NYSE, but ACS common stock will no longer be listed or traded on the NYSE.

Differences Between Rights of Xerox and ACS Stockholders (Page 164)

As a result of the merger, the holders of ACS Class A common stock will become holders of Xerox common stock. Holders of ACS Class B common stock will become holders of Xerox common stock and Xerox Convertible Preferred Stock. Following the merger, ACS stockholders will have different rights as stockholders of Xerox than as stockholders of ACS due to differences between the laws of the jurisdictions of incorporation and the different provisions of the governing documents of Xerox and ACS. For additional information regarding the different rights as stockholders of Xerox than as stockholders of ACS, see Comparative Rights of Xerox and ACS Stockholders beginning on page 164.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF XEROX**

The selected historical financial data of Xerox for each of the years ended December 31, 2008, 2007, 2006, 2005 and 2004 and as of December 31, 2008, 2007, 2006, 2005 and 2004 are derived from Xerox's accounting records and reflect the adoption of ASC Topic 810-10-65, *Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB 51* (FAS 160) and Emerging Issues Task Force Topic D-98, *Classification and Measurement of Redeemable Securities* (EITF D-98). The selected financial data of Xerox as of and for the nine months ended September 30, 2009 and September 30, 2008 are derived from Xerox's unaudited condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Xerox or the combined company, and you should read the following information together with Xerox's audited consolidated financial statements, the notes related thereto and the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Xerox's Annual Report on Form 10-K for the year ended December 31, 2008, and Xerox's unaudited condensed consolidated financial statements, the notes related thereto and the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations* contained in Xerox's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, which are incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled *Where You Can Find More Information* beginning on page 177.

(in millions, except per share data)	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2009	2008	2008	2007(2)	2006	2005	2004
Per Share Data							
Income from continuing operations(3)							
Basic	\$ 0.35	\$ 0.26	\$ 0.26	\$ 1.21	\$ 1.25	\$ 0.91	\$ 0.84
Diluted	0.35	0.25	0.26	1.19	1.22	0.90	0.78
Earnings(3)							
Basic	\$ 0.35	\$ 0.26	\$ 0.26	\$ 1.21	\$ 1.25	\$ 0.96	\$ 0.94
Diluted	0.35	0.25	0.26	1.19	1.22	0.94	0.86
Common stock dividends declared	\$ 0.1275	\$ 0.1275	\$ 0.17	\$ 0.0425			
Share Data							
Weighted average shares outstanding basic	870	891	885	935	944	957	834
Weighted average shares outstanding diluted	875	902	896	953	997	1,045	1,047
Operations							
Revenues	\$ 10,960	\$ 13,238	\$ 17,608	\$ 17,228	\$ 15,895	\$ 15,701	\$ 15,722
Sales	4,651	6,179	8,325	8,192	7,464	7,400	7,259
Service, outsourcing and rentals	5,773	6,446	8,485	8,214	7,591	7,426	7,529
Finance income	536	613	798	822	840	875	934
Income from continuing operations(3)	325	256	265	1,165	1,232	948	784
Income from continuing operations Xerox	305	229	230	1,135	1,210	933	776
Net income(3)	325	256	265	1,165	1,232	993	867
Net Income Xerox	305	229	230	1,135	1,210	978	859
Financial Position							
Working capital	\$ 3,010	\$ 3,152	\$ 2,700	\$ 4,463	\$ 4,056	\$ 4,390	\$ 4,628
Total Assets	21,753	23,625	22,447	23,543	21,709	21,953	24,884

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(in millions, except per share data)	As of and for the Nine Months Ended September 30,		As of and for the Year Ended December 31,				
	2009	2008	2008	2007(2)	2006	2005	2004
Consolidated Capitalization							
Short-term debt and current portion of long-term debt	1,149	1,457	1,610	525	1,485	1,139	3,074
Long-term debt	6,297	6,783	6,774	6,939	5,660	6,139	7,050
Total Debt	7,446	8,240	8,384	7,464	7,145	7,278	10,124
Liabilities to subsidiary trusts issuing preferred securities(1)	649	637	648	632	624	724	717
Series C mandatory convertible preferred stock						889	889
Xerox Stockholders' Equity(3)	6,898	7,502	6,238	8,588	7,080	6,319	6,244
Non-controlling interests	133	118	120	103	108	90	80
Total Consolidated Capitalization	\$ 15,126	\$ 16,497	\$ 15,390	\$ 16,787	\$ 14,957	\$ 15,300	\$ 18,054
Selected Data and Ratios							
Gross margin	39.6%	39.3%	38.9%	40.3%	40.6%	41.2%	41.6%
Sales gross margin	33.3%	34.3%	33.7%	35.9%	35.7%	36.6%	37.4%
Service, outsourcing and rentals gross margin	42.6%	41.9%	41.9%	42.7%	43.0%	43.3%	43.0%
Finance gross margin	61.9%	61.8%	61.8%	61.6%	63.7%	62.7%	63.1%

(1) For 2005, the amount includes \$98 reported in other current liabilities.

(2) 2007 results include the acquisition of Global Imaging Systems.

(3) Restated for non-controlling interests as required by ASC 810-10-65 (FAS 160 and EITF D-98), which Xerox adopted effective January 1, 2009. The adoption of ASC Topic 810-10-65 (FAS 160 and EITF D-98) did not change basic and diluted earnings per share as previously reported in Xerox's audited financial statements. The adoption of ASC Topic 810-10-65 increased income from continuing operations (Xerox and noncontrolling interests) by including the noncontrolling interests' (previously minority interests') share of operating income from continuing operations of \$35 million, \$30 million, \$22 million, \$15 million and \$8 million for the years ended 2008, 2007, 2006, 2005 and 2004, respectively. The adoption of ASC Topic 810-10-65 also served to increase total equity by \$120 million, \$103 million, \$108 million, \$90 million and \$80 million as of December 31, 2008, 2007, 2006, 2005 and 2004, respectively, as the carrying value amounts due the holders of the noncontrolling interests were reclassified from liabilities into total equity.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ACS**

The selected historical financial data of ACS for each of the years ended June 30, 2009, 2008 and 2007 and as of June 30, 2009 and 2008 have been derived from ACS's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended June 30, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical financial data for the years ended June 30, 2006 and 2005 and as of June 30, 2007, 2006 and 2005 have been derived from ACS's audited consolidated financial statements for such years, which have not been incorporated by reference in this joint proxy statement/prospectus. The selected financial data of ACS as of and for the three months ended September 30, 2009 and September 30, 2008 are derived from ACS's unaudited condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, which is incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of ACS or the combined company, and you should read the following information together with ACS's audited consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in ACS's Annual Report on

Form 10-K for the year ended June 30, 2009 and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2009, which are incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled "Where You Can Find More Information" beginning on page 177.

(in thousands, except per share data)	As of and for the Three Months Ended September 30,		As of and for the Fiscal Year Ended June 30,				
	2009	2008	2009	2008	2007	2006	2005
Results of Operations Data:							
Revenues	\$ 1,676,996	\$ 1,604,454	\$ 6,523,164	\$ 6,160,550	\$ 5,772,479	\$ 5,353,661	\$ 4,351,159
Operating income	\$ 130,310	\$ 172,748	\$ 685,943	\$ 645,078	\$ 536,955	\$ 617,284	\$ 647,484
Net income	\$ 68,794	\$ 83,635	\$ 349,943	\$ 329,010	\$ 253,090	\$ 358,806	\$ 409,569
Earnings per share - basic	\$ 0.70	\$ 0.86	\$ 3.59	\$ 3.36	\$ 2.53	\$ 2.91	\$ 3.21
Earnings per share - diluted	\$ 0.70	\$ 0.85	\$ 3.57	\$ 3.32	\$ 2.49	\$ 2.87	\$ 3.14
Weighted average shares outstanding basic	97,642	97,307	97,510	98,013	100,181	123,197	127,560
Weighted average shares outstanding diluted	98,091	98,091	98,006	98,993	101,572	125,027	130,556
Balance Sheet Data:							
Working capital	\$ 983,977	\$ 1,125,615	\$ 929,105	\$ 1,017,977	\$ 839,662	\$ 704,158	\$ 405,983
Total assets	\$ 6,847,884	\$ 6,445,893	\$ 6,900,973	\$ 6,469,399	\$ 5,982,429	\$ 5,502,437	\$ 4,850,838
Total long-term debt (less current portion)	\$ 2,030,287	\$ 2,323,692	\$ 2,041,529	\$ 2,357,541	\$ 2,342,272	\$ 1,614,032	\$ 750,355
Stockholders' equity	\$ 2,702,449	\$ 2,367,245	\$ 2,622,132	\$ 2,308,374	\$ 2,066,168	\$ 2,456,218	\$ 2,811,712

Table of Contents**COMPARATIVE PER SHARE DATA**

The following tables set forth certain historical, pro forma and pro forma equivalent per share financial information for Xerox common stock and ACS Class A common stock. The pro forma and pro forma equivalent per share information gives effect to the merger as if the merger had occurred on September 30, 2009, in the case of book value per share data, and January 1, 2008, in the case of net income per share data.

The pro forma per share balance sheet information combines Xerox's September 30, 2009 unaudited consolidated balance sheet with ACS's September 30, 2009 unaudited consolidated balance sheet. The pro forma per share income statement information for the fiscal year ended December 31, 2008 combines Xerox's audited consolidated statement of income for the fiscal year ended December 31, 2008 with ACS's unaudited consolidated statement of income for the four fiscal quarters ended December 31, 2008, which includes the last two reported quarters of ACS's fiscal year ended June 30, 2008 and the first two reported quarters of ACS's fiscal year ended June 30, 2009. The pro forma per share income statement information for the nine months ended September 30, 2009 combines Xerox's unaudited consolidated statement of income for the nine months ended September 30, 2009 with ACS's unaudited consolidated statement of income for the three fiscal quarters ended September 30, 2009, which includes the last two reported quarters of ACS's fiscal year ended June 30, 2009 and the first reported quarter of ACS's fiscal year ending June 30, 2010. The ACS pro forma equivalent per share financial information is calculated by multiplying the unaudited Xerox pro forma combined per share amounts by the exchange ratio (4.935 shares of Xerox common stock for each share of ACS common stock). The exchange ratio does not include the \$18.60 cash portion of the merger consideration.

The following information should be read in conjunction with the audited consolidated financial statements of Xerox and ACS, which are incorporated by reference in this joint proxy statement/prospectus, and the financial information contained in the section entitled "Xerox and ACS Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 30. The unaudited pro forma information below is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma information does not purport to indicate balance sheet data or results of operations data as of any future date or for any future period.

	Nine Months Ended September 30, 2009	Year Ended December 31, 2008
XEROX HISTORICAL DATA		
Historical diluted per common share		
Net income per share	\$ 0.35	\$ 0.26
Dividends declared per common share	\$ 0.1275	\$ 0.17
Book value per share	\$ 7.94	\$ 7.21
	Three Months Ended September 30, 2009	Year Ended June 30, 2009
ACS HISTORICAL DATA		
Historical diluted per common share		
Net income per share	\$ 0.70	\$ 3.57
Dividends declared per common share		
Book value per share	\$ 27.68	\$ 26.85

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	Nine Months Ended September 30, 2009	Year Ended December 31, 2008
XEROX PRO FORMA COMBINED DATA		
Unaudited diluted pro forma per common share		
Net income per share	\$ 0.28	\$ 0.23
Dividends declared per common share	\$ 0.1275	\$ 0.17
Book value per share(1)	\$ 7.97	N/A

	Nine Months Ended September 30, 2009	Year Ended December 31, 2008
ACS PRO FORMA EQUIVALENT		
Unaudited diluted pro forma per common share		
Net income per share	\$ 1.38	\$ 1.14
Dividends declared per common share	\$ 0.63	\$ 0.84
Book value per share	\$ 39.33	N/A

- (1) Amount is calculated by dividing Xerox stockholder's equity by common shares outstanding. Pro forma book value per share as of December 31, 2008 is not meaningful as purchase accounting adjustments were calculated as of September 30, 2009.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE DATA AND DIVIDEND INFORMATION**

Xerox common stock is listed and traded on the NYSE under the symbol XRX. ACS Class A common stock is listed and traded on the NYSE under the symbol ACS. The following table sets forth, for the calendar quarters indicated, the high and low closing sales prices per share of Xerox common stock and the high and low closing sales prices of ACS Class A common stock, in each case as reported on the NYSE, as adjusted for all stock splits or stock dividends. In addition, the table also sets forth the quarterly cash dividends per share declared by Xerox and ACS with respect to their common stock. On the Xerox record date ([]), there were [] shares of Xerox common stock outstanding. On the ACS record date ([]), there were [] shares of ACS Class A common stock outstanding.

	Xerox Corporation			Affiliated Computer Services, Inc.		
	High	Low	Dividends Declared	High	Low	Dividends Declared
<i>For the quarterly period ended:</i>						
2007						
March 31, 2007	\$ 18.09	\$ 16.53		\$ 59.95	\$ 48.00	N/A
June 30, 2007	\$ 19.40	\$ 17.08		\$ 61.45	\$ 56.72	N/A
September 30, 2007	\$ 19.90	\$ 15.79		\$ 58.09	\$ 47.45	N/A
December 31, 2007	\$ 17.68	\$ 15.82	\$ 0.043	\$ 52.37	\$ 40.39	N/A
2008						
March 31, 2008	\$ 15.82	\$ 13.10	\$ 0.043	\$ 52.77	\$ 41.05	N/A
June 30, 2008	\$ 15.36	\$ 13.28	\$ 0.043	\$ 57.08	\$ 49.95	N/A
September 30, 2008	\$ 14.39	\$ 11.05	\$ 0.043	\$ 53.62	\$ 47.70	N/A
December 31, 2008	\$ 11.30	\$ 5.25	\$ 0.043	\$ 50.61	\$ 35.72	N/A
2009						
March 31, 2009	\$ 9.10	\$ 4.17	\$ 0.043	\$ 48.83	\$ 42.48	N/A
June 30, 2009	\$ 7.25	\$ 4.70	\$ 0.043	\$ 50.83	\$ 43.70	N/A
September 30, 2009	\$ 9.57	\$ 6.05	\$ 0.043	\$ 55.32	\$ 42.98	N/A
December 31, 2009 (through November 23, 2009)	\$ 8.07	\$ 7.25	\$ 0.043	\$ 55.94	\$ 51.64	N/A

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The following table presents:

the last reported sale price of a share of ACS Class A common stock, as reported on the NYSE; and

the last reported sale price of a share of Xerox common stock, as reported on the NYSE, in each case, on September 25, 2009, the last full trading day prior to the public announcement of the proposed merger, and on [], 2009, the last practicable trading day prior to the date of this joint proxy statement/prospectus. The following table also presents the equivalent value of the merger consideration per share of ACS Class A common stock on those dates:

	ACS Class A Common Stock	Xerox Common Stock	Equivalent Value Per Share of ACS Class A Common Stock(1)
September 25, 2009	\$ 47.25	\$ 9.02	\$ 63.11
[], 2009			

(1) Calculated by adding (i) the cash portion of the merger consideration, or \$18.60, and (ii) the Xerox per share closing stock price multiplied by the exchange ratio of 4.935.

The market value of the Xerox common stock to be issued in exchange for shares of ACS Class A common stock upon the completion of the merger will not be known at the time of the Xerox and ACS special meetings. The above tables show only historical comparisons. Because the market prices of Xerox common stock and ACS Class A common stock will likely fluctuate prior to the merger, these comparisons may not provide meaningful information to Xerox stockholders in determining whether to approve the issuance of shares of Xerox common stock in the merger or to ACS stockholders in determining whether to adopt the merger agreement. Stockholders are encouraged to obtain current market quotations for Xerox common stock and ACS Class A common stock and to review carefully the other information contained in this joint proxy statement/prospectus or incorporated by reference in this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 177.

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RISK FACTORS

In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, you should carefully consider the matters described below in evaluating whether to vote, in the case of Xerox stockholders, to approve the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement or, in the case of ACS stockholders, to adopt the merger agreement.

Risk Factors Relating to the Merger

ACS stockholders cannot be sure of the market value of the shares of Xerox common stock to be issued upon completion of the merger.

Upon completion of the merger, each share of ACS Class A common stock will be converted into the right to receive a combination of (i) 4.935 shares of Xerox common stock and (ii) \$18.60 in cash, without interest. The number of shares of Xerox common stock that ACS stockholders will be entitled to receive will not be adjusted in the event of any increase or decrease in the share price of either Xerox common stock or ACS Class A common stock. The market value of the shares of Xerox common stock that ACS stockholders will be entitled to receive when the merger is completed will depend on the market value of shares of Xerox common stock at the time that the merger is completed and could vary significantly from the market value of shares of Xerox common stock on the date of this joint proxy statement/prospectus or the date of the ACS special meeting. Such market price fluctuations or changes in the number of outstanding shares of Xerox or ACS common stock may affect the value that ACS stockholders will receive upon completion of the merger. That variation may be the result of changes in the business, operations or prospects of Xerox or ACS, market assessments of the likelihood that the merger will be completed, the timing of the merger, regulatory considerations, general market and economic conditions and other factors. In addition to the respective stockholder approvals of Xerox and ACS, completion of the merger is subject to the expiration or termination of the applicable waiting period, and any extension of the waiting period, under the HSR Act and certain other applicable foreign antitrust and similar laws of certain foreign jurisdictions, and the satisfaction of other customary conditions. ACS stockholders are urged to obtain current market quotations for shares of Xerox common stock and ACS Class A common stock.

The failure to successfully combine the businesses of Xerox and ACS in the expected time frame may adversely affect Xerox's future results.

The success of the merger will depend, in part, on the ability of a post-merger Xerox to realize the anticipated benefits from combining the businesses of Xerox and ACS. To realize these anticipated benefits, the businesses of Xerox and ACS must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

ACS will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on ACS and consequently on Xerox. These uncertainties may impair ACS's ability to retain and motivate key personnel until and after the merger is completed and could cause customers and others that deal with ACS to defer entering into contracts with ACS or making other decisions concerning ACS or seek to change existing business relationships with ACS. Certain of ACS's agreements with its customers, both government and commercial, have provisions that may allow such customers to terminate the agreements if the merger is completed. If key employees depart because of uncertainty about their future roles and the potential complexities of the merger, the combined company's business following the merger could be harmed. In addition, the merger agreement restricts ACS from making certain acquisitions and taking other specified actions without the consent of Xerox until the merger occurs. These restrictions may prevent ACS from pursuing attractive business opportunities that may arise prior to the completion of the merger. See the section entitled "The Merger Agreement - Covenants and Agreements" beginning on page 137 for a description of the restrictive covenants applicable to ACS.

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The market price for shares of Xerox common stock may be affected by factors different from those affecting the market price for shares of ACS Class A common stock.

Upon completion of the merger, holders of ACS common stock will become holders of Xerox common stock. Xerox's business differs from that of ACS, and accordingly the results of operations of the combined company will be affected by factors different from those currently affecting the results of operations of ACS. For a discussion of the businesses of Xerox and ACS and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under the section entitled "Where You Can Find More Information" beginning on page 177.

Some directors and executive officers of ACS have interests in the merger that differ from the interests of ACS's other stockholders.

When considering the recommendation by the ACS board of directors to vote "FOR" adoption of the merger agreement, ACS stockholders should be aware that certain directors and executive officers of ACS have interests in the merger that are different from, and may conflict with, those of other ACS stockholders.

On September 27, 2009, Xerox entered into (i) a separation agreement with ACS and Mr. Deason regarding post-merger compensation and benefits, (ii) a stockholder party agreement with Mr. Deason in which Xerox and Mr. Deason have agreed to share equally certain tax liabilities and tax benefits, if any, that may arise from the merger related to Mr. Deason and (iii) senior executive agreements with ACS and twelve executive officers of ACS, including Lynn Blodgett, Tom Burlin, John Rexford, Kevin Kyser and Tom Blodgett, regarding merger cash payments and benefits. The executive officers party to these arrangements will be entitled to certain compensation and benefits post-merger and will also be entitled to golden parachute excise tax gross-up payments, which each executive officer is already entitled to receive pursuant to his employment agreement or change of control agreement with ACS. See the section entitled "The Merger - Interests of ACS's Directors and Executive Officers in the Transaction" beginning on page 117 for a further description of these arrangements.

In connection with the merger, Mr. Deason will receive additional consideration in the form of Xerox Convertible Preferred Stock, as described in more detail in the section entitled "The Merger - Interests of ACS's Directors and Executive Officers in the Transaction - Mr. Deason's Interests in the Transaction" beginning on page 117.

In addition, the directors and executive officers of ACS have stock option agreements with ACS that, with the exception of ACS stock options granted in August 2009, will provide for accelerated vesting upon the completion of the merger. The directors and executive officers of ACS also have certain rights to indemnification and directors' and officers' liability insurance that will survive completion of the merger.

The Strategic Transaction Committee and the ACS board of directors were aware of these potential interests and considered them in recommending or approving, as applicable, the merger agreement and the merger. See the section entitled "The Merger - Interests of ACS's Directors and Executive Officers in the Transaction" beginning on page 117 for a further description of these interests, including the aggregate cash payments that each director and executive officer is entitled to receive in connection with the completion of the merger.

The shares of Xerox common stock to be received by ACS stockholders as a result of the merger will have different rights from shares of ACS common stock.

Following completion of the merger, ACS stockholders will no longer be stockholders of ACS, a Delaware corporation, but will instead be stockholders of Xerox, a New York corporation. There will be important differences between your current rights as an ACS stockholder and the rights to which you will be entitled as a Xerox stockholder. See "Comparative Rights of Xerox and ACS Stockholders" beginning on page 164 for a discussion of the different rights associated with Xerox stock and ACS stock.

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Failure to complete the merger could negatively impact the stock prices and future businesses and financial results of Xerox and ACS.

If the merger is not completed, the ongoing businesses of Xerox and ACS may be adversely affected and Xerox and ACS will be subject to several risks and consequences, including the following:

ACS may be required, under certain circumstances, to pay Xerox a termination fee of \$194 million under the merger agreement;

Xerox may be required, under certain circumstances, to pay ACS a termination fee of up to \$323 million under the merger agreement;

ACS and Xerox will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;

under the merger agreement, each of Xerox and ACS is subject to certain restrictions on the conduct of its business prior to completing the merger which may adversely affect its ability to execute certain of its business strategies; and

matters relating to the merger may require substantial commitments of time and resources by Xerox and ACS management, which could otherwise have been devoted to other opportunities that may have been beneficial to Xerox and ACS as independent companies, as the case may be.

In addition, if the merger is not completed, Xerox and/or ACS may experience negative reactions from the financial markets and from their respective customers and employees. Xerox and/or ACS also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against Xerox or ACS to perform their respective obligations under the merger agreement. If the merger is not completed, Xerox and ACS cannot assure their stockholders that the risks described above will not materialize and will not materially affect the business, financial results and stock prices of Xerox and/or ACS.

Xerox will incur substantial additional indebtedness to finance the merger and will assume ACS's existing indebtedness upon completion of the merger, which may decrease Xerox's business flexibility and will increase its borrowing costs.

In connection with the merger, Xerox will engage in acquisition debt financing of up to \$3.5 billion, including the refinancing of ACS's debt obligations of approximately \$1.8 billion. The financing could take any of several forms or any combination of them, including but not limited to the following: (i) Xerox may draw up to \$3.0 billion under a new senior unsecured bridge facility (which we refer to in this joint proxy statement/prospectus as the "bridge facility") with JPMorgan Chase Bank, N.A., as administrative agent, which will mature on the first anniversary of the closing date; (ii) Xerox may issue senior notes in the public and/or private capital markets; (iii) Xerox may borrow under its existing credit agreement and (iv) Xerox may use cash on hand. With respect to the bridge facility, subject to certain conditions, Xerox may elect to (x) extend the maturity date for up to \$1.5 billion of the aggregate principal amount of the bridge facility to the second anniversary of the closing date and (y) extend the maturity date for up to \$750 million of the aggregate principal amount of the bridge facility to the third anniversary of the closing date. The proceeds from borrowings under the bridge facility would be used (1) first, to repay or redeem ACS's indebtedness outstanding as of the effective time of the merger, other than its 5.20% senior notes due 2015, 4.70% senior notes due 2010 and capitalized lease obligations and (2) second, to fund in part the cash consideration for the merger and pay certain fees and expenses in connection with the merger. Covenants to which Xerox has agreed or may agree in connection with the acquisition debt financing, and Xerox's increased indebtedness and higher debt-to-equity ratio in comparison to that of Xerox on a recent historical basis may have the effect, among other things, of reducing Xerox's flexibility to respond to changing business and economic conditions and will increase borrowing costs.

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The merger may not be accretive and may cause dilution to Xerox's earnings per share, which may negatively affect the market price of Xerox common stock.

Xerox currently anticipates that the merger will be accretive to earnings per share (on an adjusted earnings¹ basis) during the first full calendar year after the merger. This expectation is based on preliminary estimates which may materially change. Xerox could also encounter additional transaction-related costs or other factors such as the failure to realize all of the benefits anticipated in the merger. All of these factors could cause dilution to Xerox's earnings per share or decrease or delay the expected accretive effect of the merger and cause a decrease in the market price of Xerox common stock.

Several lawsuits have been filed against ACS, members of the ACS board of directors, Xerox and Boulder Acquisition Corp. challenging the merger, and an adverse ruling in such lawsuits may prevent the merger from becoming effective or from becoming effective within the expected timeframe.

ACS, members of the ACS board of directors, Xerox and Boulder Acquisition Corp. are named as defendants in lawsuits brought by and on behalf of ACS stockholders challenging the proposed merger, seeking, among other things, to enjoin the defendants from completing the merger on the agreed-upon terms. See "The Merger – Litigation Relating to the Merger" beginning on page 132 for more information about the lawsuits related to the merger that have been filed.

One of the conditions to the closing of the merger is that no judgment, order, injunction (whether temporary, preliminary or permanent), or decree issued by a court or other governmental entity in the United States, or in another jurisdiction outside of the United States in which ACS, Xerox or any of their subsidiaries is engaged in material business activities, that prohibits the completion of the merger shall be in effect. As such, if the plaintiffs are successful in obtaining an injunction prohibiting the defendants from completing the merger on the agreed upon terms, then such injunction may prevent the merger from becoming effective, or from becoming effective within the expected timeframe.

Risk Factors Relating to Xerox and ACS

Xerox's and ACS's businesses are and will be subject to the risks described above relating to the merger. In addition, Xerox and ACS are, and will continue to be, subject to the risks described in Part I, Item 1A in each of Xerox's Annual Report on Form 10-K for the year ended December 31, 2008 and ACS's Annual Report on Form 10-K for the year ended June 30, 2009, and Part II, Item 1A in each of Xerox's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and ACS's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, in each case as filed with the SEC and incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 177 for the location of information incorporated by reference in this joint proxy statement/prospectus.

¹ This joint proxy statement/prospectus refers to a non-GAAP financial measure described as "adjusted earnings" when discussing that the merger is expected to be accretive in the first year. Xerox management believes that in order to better understand the trends in our business and the impact of the merger post-closing, it will be necessary to adjust future earnings to exclude the effects of the following items: (i) the amortization of intangible assets identified and recorded in connection with the merger; (ii) the restructuring and asset impairment charges incurred in connection with the combination of Xerox and ACS; and (iii) acquisition related costs. Management believes that excluding the effects of these items will enable investors to better understand and analyze the impact of the merger as well as results for a particular period as compared to prior periods. Management expects to use this non-GAAP financial measure in its own evaluation of Xerox's performance, particularly when comparing performance to prior periods. However, this non-GAAP financial measure should be viewed in addition to, and not as a substitute for, Xerox's reported results prepared in accordance with GAAP.

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XEROX AND ACS UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The unaudited pro forma condensed combined balance sheet assumes that the merger took place on September 30, 2009 and combines Xerox's September 30, 2009 consolidated balance sheet with ACS's September 30, 2009 consolidated balance sheet.

The unaudited pro forma condensed combined statement of income for the fiscal year ended December 31, 2008 assumes that the merger took place on January 1, 2008. Xerox's audited consolidated statement of income for the fiscal year ended December 31, 2008 has been combined with ACS's unaudited consolidated statement of income for the four fiscal quarters ended December 31, 2008. This unaudited methodology includes the last two reported quarters of ACS's fiscal year ended June 30, 2008 and the first two reported quarters of ACS's fiscal year ended June 30, 2009.

The unaudited pro forma condensed combined statement of income for the nine months ended September 30, 2009 also assumes that the merger took place on January 1, 2008. Xerox's unaudited consolidated statement of income for the nine months ended September 30, 2009 has been combined with ACS's unaudited consolidated statement of income for the three fiscal quarters ended September 30, 2009. This unaudited methodology includes the last two reported quarters of ACS's fiscal year ended June 30, 2009 and the first reported quarter of ACS's fiscal year ending June 30, 2010.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the following historical consolidated financial statements and accompanying notes of Xerox and ACS for the applicable periods, which are incorporated by reference in this joint proxy statement/prospectus:

Separate historical financial statements of Xerox as of and for the year ended December 31, 2008 and the related notes included in Xerox's Annual Report on Form 10-K for the year ended December 31, 2008;

Separate historical financial statements of ACS as of and for the year ended June 30, 2009 and the related notes included in ACS's Annual Report on Form 10-K for the year ended June 30, 2009;

Separate historical financial statements of Xerox as of and for the three and nine months ended September 30, 2009 and the related notes included in Xerox's Quarterly Report on Form 10-Q for the period ended September 30, 2009; and

Separate historical financial statements of ACS as of and for the three months ended September 30, 2009 and the related notes included in ACS's Quarterly Report on Form 10-Q for the period ended September 30, 2009.

The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The pro forma information is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. There were no material transactions between Xerox and ACS during the periods presented in the unaudited pro forma condensed combined financial statements that would need to be eliminated.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP standards, which are subject to change and interpretation. Xerox has been treated as the acquiror in the merger for accounting

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purposes. The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates (for example estimates as to value of acquired property, equipment and software as well as intangible assets) and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the merger or the costs to combine the operations of Xerox and ACS or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

Table of Contents**Xerox Corporation and Affiliated Computer Services, Inc.****Unaudited Pro Forma Condensed Combined Statements of Income****Year Ended December 31, 2008**

(in millions, except per share data)	Xerox	ACS	Pro Forma Adjustments	Pro Forma Combined
Revenues				
Sales	\$ 8,325	\$ 295	\$	\$ 8,620
Service, outsourcing and rentals	8,485	6,078	(40)(A)	14,523
Finance income	798			798
Total Revenues	17,608	6,373	(40)	23,941
Costs and Expenses				
Cost of sales	5,519	292		5,811
Cost of service, outsourcing and rentals	4,929	4,906	(36)(B)	9,799
Equipment financing interest	305			305
Research, development and engineering expenses	884			884
Selling, administrative and general expenses	4,534	427		4,961
Restructuring and asset impairment charges	429	17		446
Other expenses, net	1,087	194	370(C)	1,651
Total Costs and Expenses	17,687	5,836	334	23,857
Income (Loss) before Income Taxes & Equity Income	(79)	537	(374)	84
Income tax expense (benefit)	(231)	196	(143)(D)	(178)
Equity in net income of unconsolidated affiliates	113			113
Net Income	265	341	(231)	375
Less: Net Income attributable to noncontrolling interests	35			35
Net Income Attributable to Xerox Corporation	\$ 230	\$ 341	\$ (231)	\$ 340
Basic Earnings per Share	\$ 0.26	\$ 3.52	(E)	\$ 0.23
Diluted Earnings per Share	\$ 0.26	\$ 3.49	(E)	\$ 0.23
Basic Weighted-Average Shares	885	97		1,367
Diluted Weighted-Average Shares	896	98		1,397

See the accompanying notes to the unaudited pro forma condensed combined financial statements which are an integral part of these statements. The pro forma adjustments are explained in Note 6 Adjustments to Unaudited Pro Forma Condensed Combined Statements of Income.

Table of Contents**Xerox Corporation and Affiliated Computer Services, Inc.****Unaudited Pro Forma Condensed Combined Statements of Income****Nine Months Ended September 30, 2009**

(in millions, except per share data)	Xerox	ACS	Pro Forma Adjustments	Pro Forma Combined
Revenues				
Sales	\$ 4,651	\$ 332	\$	\$ 4,983
Service, outsourcing and rentals	5,773	4,651	(12)(A)	10,412
Finance income	536			536
Total Revenues	10,960	4,983	(12)	15,931
Costs and Expenses				
Cost of sales	3,100	328		3,428
Cost of service, outsourcing and rentals	3,313	3,731	(34)(B)	7,010
Equipment financing interest	204			204
Research, development and engineering expenses	615			615
Selling, administrative and general expenses	3,024	391		3,415
Restructuring and asset impairment charges	(5)	5		
Other expenses, net	276	127	272(C)	675
Total Costs and Expenses	10,527	4,582	238	15,347
Income before Income Taxes & Equity Income	433	401	(250)	584
Income tax expense	122	141	(95)(D)	168
Equity in net income of unconsolidated affiliates	14			14
Net Income	325	260	(155)	430
Less: Net Income attributable to noncontrolling interests	20			20
Net Income Attributable to Xerox Corporation	\$ 305	\$ 260	\$ (155)	\$ 410
Basic Earnings per Share	\$ 0.35	\$ 2.66	(E)	\$ 0.29
Diluted Earnings per Share	\$ 0.35	\$ 2.65	(E)	\$ 0.28
Basic Weighted-Average Shares	870	98		1,351
Diluted Weighted-Average Shares	875	98		1,377

See the accompanying notes to the unaudited pro forma condensed combined financial statements which are an integral part of these statements. The pro forma adjustments are explained in Note 6 Adjustments to Unaudited Pro Forma Condensed Combined Statements of Income.

Table of Contents**Xerox Corporation and Affiliated Computer Services, Inc.****Unaudited Pro Forma Condensed Combined Balance Sheets**

September 30, 2009

(in millions)	Xerox	ACS	Pro Forma Adjustments	Pro Forma Combined
Assets				
Cash and cash equivalents	\$ 1,159	\$ 559	\$ (1,109)(A)	\$ 609
Accounts receivable, net	1,863	1,524		3,387
Billed portion of finance receivables, net	256			256
Finance receivables, net	2,386			2,386
Inventories	1,069	22		1,091
Other current assets	707	129	(56)(B)	780
Total current assets	7,440	2,234	(1,165)	8,509
Finance receivables due after one year, net	4,381			4,381
Equipment on operating leases, net	550			550
Land, buildings and equipment, net	1,351	570		1,921
Investments in affiliates, at equity	1,051			1,051
Intangible assets, net	609	301	3,169(C)	4,079
Goodwill	3,405	2,897	1,086(D)	7,388
Deferred tax assets, long-term	1,673	(479)	(657)(E)	537
Other long-term assets	1,293	751	(197)(F)	1,847
Total Assets	\$ 21,753	\$ 6,274	\$ 2,236	\$ 30,263
Liabilities and Equity				
Short-term debt and current portion of long-term debt	\$ 1,149	\$ 293	\$ (17)(G)	\$ 1,425
Accounts payable	1,292	220		1,512
Accrued compensation and benefits costs	616	166		782
Other current liabilities	1,373	577	(132)(H)	1,818
Total current liabilities	4,430	1,256	(149)	5,537
Long-term debt	6,297	2,030	942(G)	9,269
Liability to subsidiary trust issuing preferred securities	649			649
Pension and other benefit liabilities	1,870	107		1,977
Post-retirement medical benefits	873			873
Other long-term liabilities	603	178	(21)(I)	760
Total Liabilities	14,722	3,571	772	19,065
Series A convertible preferred stock			299(J)	299
Common stock	870	1	481(K)	1,352
Additional paid-in-capital	2,463	1,737	1,727(L)	5,927
Treasury stock, at cost		(1,056)	1,056(M)	
Retained earnings	5,532	2,061	(2,139)(N)	5,454
Accumulated other comprehensive loss	(1,967)	(40)	40(O)	(1,967)
Xerox Shareholders' Equity	6,898	2,703	1,165	10,766

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Noncontrolling Interests	133			133
Total Equity	7,031	2,703	1,165	10,899
Total Liabilities and Equity	\$ 21,753	\$ 6,274	\$ 2,236	\$ 30,263

See the accompanying notes to the unaudited pro forma condensed combined financial statements which are an integral part of these statements. The pro forma adjustments are explained in Note 7 Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheets.

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Description of Transaction

On September 27, 2009, Xerox and ACS entered into the merger agreement, pursuant to which, subject to the terms and conditions set forth in the merger agreement, ACS will become a wholly-owned subsidiary of Xerox. Upon completion of the merger, each share of ACS Class A and Class B common stock issued and outstanding will be converted into the right to receive a combination of 4.935 shares of Xerox common stock and \$18.60 in cash, without interest. In addition, the holders of Class B common stock will be entitled to receive shares of Xerox Convertible Preferred Stock (see below for description). The transaction is expected to qualify as a reorganization within the meaning of Section 368(a) of the Code.

ACS stock options, other than ACS stock options issued in August 2009, whether or not then vested and exercisable, will become fully vested and exercisable and assumed by Xerox at the effective time of the merger in accordance with preexisting change-in-control provisions. Each assumed option will be exercisable for Xerox common stock equal to the product of the number of shares of ACS Class A common stock that were subject to the ACS stock option immediately prior to the effective time of the merger multiplied by (i) the sum of (A) 4.935 and (B) the cash consideration of \$18.60 divided by (ii) the per share closing price for Xerox common stock on the last trading day before the closing of this merger such ratio the Option Exchange Ratio. The per share exercise price for the shares of Xerox common stock issuable upon exercise of the assumed ACS stock options will be equal to the quotient determined by dividing the exercise price per share of ACS Class A common stock of the ACS stock option by the Option Exchange Ratio.

ACS stock options issued in August 2009 will continue to vest and become exercisable for Xerox common stock according to their original terms. The estimated fair value of the new Xerox stock options will be recorded to compensation cost over the future vesting period. No adjustment to the unaudited pro forma condensed statements of income were made related to stock-based compensation since it is not anticipated that the stock-based compensation expense for ACS employees after the completion of the merger will be materially different than the amounts already included in ACS's historical statements of income.

In connection with the merger, Xerox will issue shares of Xerox Convertible Preferred Stock with an aggregate liquidation preference of \$300 million to the holders of ACS Class B common stock. The Xerox Convertible Preferred Stock will pay quarterly cash dividends at a rate of 8 percent per year and will have a liquidation preference of \$1,000 per share. Each share of Xerox Convertible Preferred Stock will be convertible at any time, at the option of the holder, into 89.8876 shares of common stock (which reflects an initial conversion price of approximately \$11.125 per share of common stock, which is a 25% premium over \$8.90, which was the average closing price of Xerox common stock over the 7-trading day period ended on September 14, 2009, and the number used for calculating the exchange ratio in the merger agreement), subject to customary anti-dilution adjustments. On or after the fifth anniversary of the issue date, Xerox will have the right to cause, under certain circumstances, any or all of the Xerox Convertible Preferred Stock to be converted into shares of Xerox common stock at the then applicable conversion rate. The holders of Xerox Convertible Preferred Stock will also be able to convert upon a change in control at the applicable conversion rate plus an additional number of shares determined by reference to the price paid for Xerox common stock upon a change in control. In addition, upon the occurrence of certain fundamental change events, including a future change in control of Xerox or if Xerox common stock ceases to be listed on a national securities exchange, the holders of Xerox Convertible Preferred Stock will have the right to require Xerox to redeem any or all of the Xerox Convertible Preferred Stock in cash at a redemption price per share equal to the liquidation preference and any accrued and unpaid dividends to, but not including the redemption date. The Xerox Convertible Preferred Stock is classified as temporary equity (i.e., apart from permanent equity) as a result of the contingent redemption feature.

The merger is subject to both Xerox and ACS stockholder approvals, governmental and regulatory approvals, the satisfaction of certain conditions related to the debt financing for the transaction, and other usual and customary closing conditions. The merger is expected to be completed in the first calendar quarter of 2010.

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2. Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of Xerox and ACS. For ease of reference, all pro forma statements use Xerox's period end dates and ACS's reported information has been recasted accordingly to correspond to Xerox's period end dates by adding ACS's comparable quarterly periods as necessary. In addition, certain reclassifications have been made to the historical financial statements of ACS to conform with Xerox's presentation, primarily related to the presentation of revenues; selling, administrative and general (SAG) expenses, software and intangible assets.

The acquisition method of accounting is based on Accounting Standards Codification (ASC) Topic 805, Business Combinations, which Xerox adopted on January 1, 2009 and uses the fair value concepts defined in ASC Topic 820, Fair Value Measurements and Disclosures, which Xerox has adopted as required.

ASC Topic 805, requires, among other things, that most assets acquired and liabilities acquired be recognized at their fair values as of the acquisition date. Financial statements of Xerox issued after completion of the merger will reflect such fair values, measured as of the acquisition date, which may be different than the estimated fair values included in these unaudited pro forma condensed combined financial statements. The financial statements of Xerox issued after the completion of the merger will not be retroactively restated to reflect the historical financial position or results of operations of ACS. In addition, ASC Topic 805 establishes that the consideration transferred be measured at the closing date of the merger at the then-current market price, which will likely result in a per share equity component that is different from the amount assumed in these unaudited pro forma condensed combined financial statements.

ASC Topic 820, defines the term "fair value" and sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be unrelated (to Xerox) buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Xerox may be required to record assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Xerox's intended use of those assets. Many of these fair value measurements can be highly subjective and it is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under ASC Topic 805, acquisition-related transaction costs (i.e., advisory, legal, valuation, other professional fees, etc.) and certain acquisition-related restructuring charges impacting the target company are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred. Total advisory, legal, regulatory and valuation costs expected to be incurred by Xerox are estimated to be approximately \$75 million, of which \$9 million was expensed in the nine months ended September 30, 2009. In addition, Xerox expects to incur fees of approximately \$60 million associated with the \$3.0 billion bridge facility, as described in the section entitled "Description of Debt Financing" beginning on page 158. The unaudited pro forma condensed combined balance sheet also reflects anticipated acquisition-related transaction costs to be incurred by ACS, which are estimated to be approximately \$65 million, as an assumed liability to be paid in connection with the closing of the merger (of which \$7 million was incurred in the nine months ended September 30, 2009). The unaudited pro forma condensed combined financial statements do not reflect restructuring charges expected to be incurred in connection with the merger, but these charges are expected to be in the range of approximately \$50 to \$75 million cumulatively over three years.

Table of Contents**3. Accounting Policies**

Upon completion of the merger, Xerox will perform a detailed review of ACS's accounting policies. As a result of that review, Xerox may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. At this time, Xerox is not aware of any differences that would have a material impact on the combined financial statements. The unaudited pro forma condensed combined financial statements do not assume any differences in accounting policies.

4. Estimate of Consideration Expected to be Transferred

The following is a preliminary estimate of consideration expected to be transferred to effect the acquisition of ACS:

(in millions, except per share amounts)	Conversion Calculation	Estimated Fair Value	Form of Consideration
Number of shares of ACS Class A shares issued and outstanding as of September 30, 2009	91.0		
Number of shares of ACS Class B shares issued and outstanding as of September 30, 2009	6.6		
Total number of ACS shares issued and outstanding	97.6		
Multiplied by Xerox's share price as of October 19, 2009 (\$7.80) multiplied by the exchange ratio of 4.935	\$ 38.49	\$ 3,759	Xerox common stock
Multiplied by cash consideration per common share outstanding	\$ 18.60	\$ 1,816	Cash
Number of ACS stock options vested and unvested as of September 30, 2009 expected to be assumed in exchange for a Xerox equivalent stock option	14.3		
Multiplied by the Option Exchange Ratio	7.320		
Number of Xerox equivalent stock options	104.7		
Fair value of Xerox equivalent stock options(1)	\$ 1.84	\$ 192	Xerox stock options
Estimated fair value of Xerox Series X Convertible Perpetual Preferred stock issued to ACS Class B Shareholder		\$ 300	Xerox preferred stock
Estimate of consideration expected to be transferred(2)		\$ 6,067	

- (1) The fair value of the Xerox equivalent stock option was estimated as of October 19, 2009 using the Black-Scholes valuation model utilizing the assumptions noted below. The expected volatility of the Xerox stock price is based on the average historical volatility over the expected term based on daily closing stock prices. The expected term of the option is based on ACS historical employee stock option exercise behavior as well as the remaining contractual exercise term. The stock price volatility and expected term are based on Xerox's best estimates at this time, both of which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the total consideration that will be recorded at the effective time of the merger.

Xerox believes that the fair value of the Xerox stock options that will be issued to the holders of the ACS stock options approximates the fair value of ACS stock options. Accordingly, the fair value of the converted stock options was recognized as a component of the purchase price and no additional amounts have been reflected as compensation expense. Xerox will also recalculate the fair values of the ACS stock options and the converted options as of the closing date, to determine the fair value amounts, if any, to be recorded as compensation expense.

Table of Contents**Assumptions used for the valuation of Xerox stock options:**

Stock price	\$ 7.80
Strike price	\$ 6.62
Expected volatility	50%
Risk-free interest rate	0.28%
Expected term	0.75 years
Black-Scholes value per option	\$ 1.84

- (2) The estimated consideration expected to be transferred reflected in these unaudited pro forma condensed combined financial statements does not purport to represent what the actual consideration transferred will be when the merger is completed. In accordance with ASC Topic 805, the fair value of equity securities issued as part of the consideration transferred will be measured on the closing date of the merger at the then-current market price. This requirement will likely result in a per share equity component different from the \$38.49 assumed in these unaudited pro forma condensed combined financial statements and that difference may be material. Xerox believes that an increase or decrease by as much as 20% in the Xerox common stock price on the closing date of the merger from the common stock price assumed in these unaudited pro forma condensed combined financial statements is reasonably possible based upon the recent history of Xerox common stock price. A change of this magnitude would increase or decrease the consideration expected to be transferred by about \$800 million, which would be reflected in these unaudited pro forma condensed combined financial statements as an increase or decrease to goodwill.

5. Estimate of Assets to be Acquired and Liabilities to be Assumed

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by Xerox in the merger, reconciled to the estimate of consideration expected to be transferred:

	(in millions)
Book value of net assets acquired September 30, 2009	\$ 2,703
Less: ACS historical goodwill	(2,897)
Less: ACS historical intangible assets	(301)
Less: ACS historical deferred customer contract costs(1)	(166)
Adjusted book value of net assets acquired	\$ (661)
Adjustments to:	
Property, equipment and software	
Identifiable intangible assets	3,470
Unearned revenue	138
Contingent consideration (prior ACS acquisitions)	(10)
Other liabilities Change-in-control /expenses	(130)
Debt	(17)
Taxes	(706)
Contingencies	
Goodwill	3,983
Total adjustments	\$ 6,728
Estimate of consideration expected to be transferred	\$ 6,067

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(1) Included in Other long-term assets.

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The purchase price allocation for the purposes of these unaudited pro forma condensed combined financial statements was primarily limited to the identification and valuation of intangible assets. Xerox believes this was an appropriate approach based on a review of similar type acquisitions which appeared to indicate that the most significant and material portion of the purchase price would be allocated to identifiable intangible assets.

The following is a discussion of the adjustments made to ACS's assets and liabilities in connection with the preparation of these unaudited pro forma condensed combined financial statements:

Property, equipment and software: As of the effective time of the merger, property, equipment and software is required to be measured at fair value, unless those assets are classified as held-for-sale on the acquisition date. The acquired assets can include assets that are not intended to be used or sold, or that are intended to be used in a manner other than their highest and best use. Xerox does not have sufficient information at this time as to the specific types, nature, age, condition or location of these assets. In addition, more information is needed regarding the nature and types of computer equipment and software, which is the majority of ACS's property, equipment and software balance, in order to assess these assets against current technology products, costs and values. Accordingly, for purposes of these unaudited pro forma condensed combined financial statements, Xerox believes that the current ACS book values for these assets (Total as of September 30, 2009 of \$979 million—\$570 million for property and equipment and \$409 million for software, which was reclassified to Other long-term assets to conform to Xerox presentation) represent the best estimates of fair value. This estimate of fair value is preliminary and subject to change and could vary materially from the actual adjustment on the closing date. For each \$100 million of fair value adjustment (approximately 10% of the current book value) that changes property, equipment and software, there could be an annual change in depreciation and amortization expense—increase or decrease of approximately \$25 million (\$6 million per quarter), assuming a weighted-average useful life of 4 years.

Intangible assets: As of the effective time of the merger, identifiable intangible assets are required to be measured at fair value and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used and be used in a manner that represents their highest and best use. Based on internal assessments as well as discussions with ACS and our external third party valuation advisors, Xerox identified the following significant intangible assets: customer relationships/contracts, the ACS tradename and title plant.

The fair value of these intangible assets is normally determined primarily through the use of the income approach, which requires an estimate or forecast of all the expected future cash flows either through the use of either the multi-period excess earnings method or relief-from-royalty method.

At this time, Xerox does not have sufficient information as to the amount, timing and risk of the estimated future cash flows needed to value the customer relationship/contracts, the ACS tradename and the title plant. Some of the more significant assumptions inherent in the development of estimated cash flows, from the perspective of a market participant, include: the amount and timing of projected future cash flows (including revenue, cost of revenue, sales and marketing expenses and working capital/contributory asset charges) and the discount rate selected to measure the risks inherent in the future cash flows. However, for purposes of these unaudited pro forma condensed combined financial statements, using currently available information, such as ACS's historical and projected revenues, customer attrition rates, cost structure, and certain other high-level assumptions, the fair value of the customer relationship/contracts and the ACS tradename were estimated by our external third party valuation advisors and reviewed by Xerox management and were as follows: Customer relationships/contracts—\$3.1 billion with a weighted average useful life of 11 years; and the ACS tradename—\$300 million with a weighted average useful life of 5 years.

An amount of \$15 million with a weighted average useful life of 5 years was also included in the adjustment for identifiable intangible assets to cover additional acquired intangible assets including non-compete agreements, other tradenames, copyrights and patents. Since Xerox has limited information at this time to value

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all of these intangible assets, the estimated fair values were based primarily on ACS's current book values and recent acquisitions involving similar intangible assets.

The following table is a summary of the fair value estimates of the identifiable intangible assets and their weighted average useful lives used for purposes of these unaudited pro forma condensed combined financial statements:

(in millions)	Estimated Fair Value	Estimated Useful Life
Customer relationships/contracts	\$ 3,100	11
ACS tradename	300	5
Other intangible assets	15	5
Title Plant and other indefinite-lived assets	55	N/A
Total identifiable intangible assets	\$ 3,470	

These preliminary estimates of fair value and weighted-average useful life will likely be different from the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Once Xerox and our third party valuation advisors have full access to the specifics of the ACS's intangible assets, additional insight will be gained that could impact: (i) the estimated total value assigned to intangible assets, (ii) the estimated allocation of value between finite-lived and indefinite-lived intangible assets and/or (iii) the estimated weighted-average useful life of each category of intangible assets. The estimated intangible asset values and their useful lives could be impacted by a variety of factors that may become known to us only upon access to additional information and/or by changes in such factors that may occur prior to the effective time of the merger. For each \$100 million change in the fair value of identifiable intangible assets, there could be an annual change in amortization expense increase or decrease of approximately \$10 million (\$2.5 million per quarter), assuming a weighted-average useful life of 10 years.

Unearned revenue: Deferred revenue in the context of a business combination represents an obligation to provide future products or services to a customer when payment for such products or services has been made prior to the products being delivered or services being rendered. A certain portion of ACS's unearned revenue is for services already rendered and therefore no future obligation to provide services remains. The payments from customers were normally for up-front transition and set-up services and were deferred due to the revenue recognition requirements for up-front payments. Accordingly, Xerox adjusted the balance of unearned revenue by \$138 million for the estimated portion of unearned revenue for which no future service obligation exists. No adjustment was made for the remaining portion of unearned revenue as it was determined to be a reasonable estimate of the fair value for the remaining service obligation.

Contingent consideration: Although there is no contingent consideration associated with this merger, ACS is obligated to make certain contingent payments in connection with prior acquisitions upon satisfaction of certain contractual criteria. As of the effective time of the merger, contingent consideration obligations must be recorded at their respective fair value. As of September 30, 2009, the maximum aggregate amount of ACS's outstanding contingent obligations to former shareholders of acquired entities is approximately \$46 million. The fair value of this obligation was estimated to be \$10 million for purposes of these unaudited pro forma condensed combined financial statements.

Other liabilities: This adjustment represents ACS liabilities assumed by Xerox as required by the terms of the merger. The assumed liabilities include payments due under contractual change-in-control provisions in employment agreements of certain ACS employees of approximately \$80 million as well as ACS's costs associated with the merger of approximately \$65 million. As of September 30, 2009, ACS had accrued \$11 million related to change-in-control agreements and \$7 million for merger related costs. These amounts are preliminary estimates and will likely change once the underlying calculations are finalized.

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Debt: As of the effective time of the merger, debt is required to be measured at fair value. A portion of ACS's debt will be repaid at the effective time of the merger \$1,771 million at September 30, 2009 together with related interest rate swaps \$33 million liability at September 30, 2009. Accordingly, Xerox only calculated a fair value adjustment to ACS's remaining debt of \$500 million based on ACS's filings with the SEC and believes the pro forma fair value adjustment amount of \$(4) million to be reasonable. As a result of the debt repayment and fair value adjustment, ACS's deferred debt issue costs of \$21 million were written off and are netted against the fair value adjustment in the table above.

Deferred taxes: As of the effective time of the merger, Xerox will provide deferred taxes and other tax adjustments as part of the accounting for the acquisition, primarily related to the estimated fair value adjustments for acquired intangibles. The \$706 million adjustment included in the table reflects the summation of those adjustments see Note 7 Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet, item (E) for details regarding the adjustment to taxes.

Contingencies: As of the effective time of the merger, except as specifically excluded by GAAP, contingencies are required to be measured at fair value, if the acquisition-date fair value of the asset or liability arising from a contingency can be determined. If the acquisition-date fair value of the asset or liability cannot be determined, the asset or liability would be recognized at the acquisition date if both of the following criteria were met: (i) it is probable that an asset existed or that a liability had been incurred at the acquisition date, and (ii) the amount of the asset or liability can be reasonably estimated. These criteria are to be applied using the guidance in ASC Topic 405, Contingencies. As disclosed in ACS's Quarterly Report on Form 10-Q for the period ended September 30, 2009, which is incorporated by reference into this proxy statement/prospectus, ACS is involved in various legal proceedings, including an SEC investigation. However, Xerox does not have sufficient information at this time to evaluate if the fair value of these contingencies can be determined and, if determinable, to value them under a fair value standard. A fair valuation effort would require intimate knowledge of complex legal matters and associated defense strategies, which cannot occur prior to the closing date. As required, ACS currently accounts for these contingencies under ASC Topic 405. If fair value cannot be determined for ACS's contingencies, the combined company would continue to account for the ACS contingencies using ASC Topic 405. Since ACS's management, unlike Xerox's management, has full and complete access to relevant information about these contingencies, Xerox believes that it has no basis for modifying ACS's current application of these standards. So, for the purpose of these unaudited pro forma condensed combined financial statements, Xerox has not adjusted the ACS book values for contingencies. This approach is preliminary and subject to change.

In addition, as disclosed in ACS's 2009 Quarterly Report on Form 10-Q for the period ended September 30, 2009, which is incorporated by reference into this proxy statement/prospectus, ACS has recorded provisions for uncertain tax positions. Income taxes are exceptions to both the recognition and fair value measurement principles of ASC Topic 805. As such, the combined company would continue to account for the ACS uncertain tax positions using ASC Topic 740, Income Taxes. Since ACS management, unlike Xerox management, has full and complete access to relevant information about these tax positions, Xerox believes that it has no basis for modifying ACS's current application of these standards. Accordingly, for the purpose of these unaudited pro forma condensed combined financial statements, Xerox has not adjusted the ACS book values for uncertain tax positions. This assessment is preliminary and subject to change.

Other Assets/Liabilities: Adjustments to ACS's remaining assets and liabilities may also be necessary, however at this time Xerox has limited knowledge as to the specific details and nature of those assets and liabilities necessary in order to make adjustments to those values. However, since the majority of the remaining assets and liabilities are current assets and liabilities, Xerox believes that the current ACS book values for these assets represent reasonable estimates of fair value or net realizable value, as applicable. Xerox does not anticipate that the actual adjustments for these assets and liabilities on the closing date will be materially different.

Goodwill: Goodwill is calculated as the difference between the acquisition date fair value of the consideration expected to be transferred and the values assigned to the assets acquired and liabilities assumed. Goodwill is not amortized but rather subject to an annual fair value impairment test.

Table of Contents**6. Adjustments to Unaudited Pro Forma Condensed Combined Statements of Income:**

(A) Reflects adjustments for the following (in millions):

	Year Ended December 31, 2008	Nine Months Ended September 30, 2009
Reduction in revenue related to the write-off of deferred revenue for which no future service obligation remains(1)	\$ (55)	\$ (24)
Reversal of amortization for certain ACS deferred charges, including contract inducements costs, that will be written-off at the consummation of the acquisition	15	12
Total	\$ (40)	\$ (12)

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- (1) See note (H) in Note 7 Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheets for the estimated reduction to ACS's historical deferred revenue. After the completion of the merger Xerox's revenue will reflect the decreased valuation of ACS's deferred revenue. Although long-term there will be no continuing impact on the combined operating results, the majority of this deferred revenue would have been recognized by ACS in the next two years. To show the anticipated effect on the combined operating results after the completion of the merger, the historical unaudited pro forma condensed statements of income were adjusted to reflect the decrease in ACS's deferred revenue.
- (B) Reversal of amortization for certain ACS deferred charges, including customer contract costs, that will be written-off at the consummation of the acquisition.

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- (C) The pro forma adjustment to other expenses, net primarily reflects additional intangible asset amortization and the interest expense related to the senior unsecured notes Xerox expects to issue and \$750 million of additional borrowings under our existing revolving credit facility. The components of the adjustments to other expenses, net are as follows (in millions):

	Year Ended December 31, 2008	Nine Months Ended September 30, 2009
New intangible asset amortization(1)	\$ 345	\$ 259
Eliminate ACS's historical intangible asset amortization expense	(48)	(35)
Interest expense on new debt issuances used to partially finance the merger(2)	161	121
Amortization of: (i) deferred financing fees related to new debt issuances; and (ii) the estimated fair value adjustment for ACS's debt that will not be repaid	13	10
Historical interest cost debt to be repaid	(109)	(61)
Amortization of deferred financing fees debt to be repaid	(9)	(7)
Forgone interest income from lower cash balances used to partially fund the merger	17	12
To eliminate change in control payments accrued in the nine months ended September 30, 2009, which are directly attributable to the announcement of the merger that are not expected to have a continuing impact on the combined entity's results		(11)
To eliminate acquisition related transaction costs including advisory and legal fees incurred in the nine months ended September 30, 2009, which are directly attributable to the pending merger, but which are not expected to have a continuing impact on the combined entity's results		(16)
Total	\$ 370	\$ 272

- (1) For estimated intangible asset values and the estimated associated useful lives, see note (C) in Note 7 Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheets.
- (2) For the anticipated new borrowings that will be used to partially finance the merger, see note (G) in Note 7 Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheets.
- (D) This represents the tax effect of adjustments to income before income taxes and equity income primarily related to the expense associated with incremental debt to partially finance the merger and increased amortization resulting from estimated fair value adjustments for acquired intangibles. Xerox has assumed a 38% blended tax rate representing the estimated combined effective U.S. federal and state statutory rates. This estimated blended tax rate recognizes that ACS is predominately a U.S. based entity and that the debt incurred by Xerox to effect the merger will be an obligation of a U.S. entity. However, the effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities.
- (E) The unaudited pro forma condensed combined basic and diluted earnings per share calculations are based on the combined basic and diluted weighted-average shares. The historical basic and diluted weighted average shares of ACS are assumed to be replaced by the shares expected to be issued by Xerox to effect the merger. For purposes of the unaudited pro forma condensed combined diluted earnings per share calculations, net income available to common shareholders reflects net income less dividends on the Series A convertible preferred stock of \$24 million per year. The shares associated with the Series A convertible preferred stock were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive.

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The unaudited pro forma condensed combined financial statements do not reflect revenue synergies or the expected realization in three years of annual pre-tax cost savings of \$300 to \$400 million. Although Xerox management expects that cost savings will result from the merger, there can be no assurance that these cost savings will be achieved. The unaudited pro forma condensed financial statements also do not reflect estimated restructuring charges associated with the expected cost savings, which could be in the range of approximately \$50 to \$75 million and will be expensed as incurred.

7. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheets:

(A) The sources and uses of funds relating to the proposed merger transaction are as follows:

	(in millions)
Sources:	
Expected new senior unsecured notes(1)	\$ 1,950
Borrowings under our existing revolving credit facility at an assumed current rate of 3.75%(1)	750
Total sources	\$ 2,700
Uses:	
Repayment of ACS's debt(1)	\$ (1,771)
Cash consideration to shareholders of ACS common stock at \$18.60 per share	(1,816)
Estimated remaining Xerox and ACS acquisition related transaction costs including certain costs related to the bridge term facility which Xerox does not expect to utilize (excludes \$11 million of fees paid as of September 30, 2009 related to the bridge term facility)(2)	(189)
Payment upon termination of ACS interest rate swaps in conjunction with the closing of the merger	(33)
Total uses	\$ (3,809)
Net effect on cash	\$ (1,109)

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- (1) See (G) below for a description of the transaction financing.
- (2) The unaudited condensed combined pro forma balance sheet assumes that the estimated remaining transaction costs of \$189 million will be paid in conjunction with the closing of the merger.

(B) Reflects adjustments for the following:

	(in millions)
Net change to current deferred tax assets(1)	\$ (49)
Represents the write-off of the current portion of ACS's unamortized debt issuance costs(2)	(7)
Total	\$ (56)

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- (1) See (E) below for long-term deferred tax assets.
- (2) See (F) and (G) below.

- (C) As of the effective time of the merger, identifiable intangible assets are required to be measured at fair value and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used and that all assets will be

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used in a manner that represents the highest and best use of those assets. The pro forma adjustments to intangible assets, net reflect the following:

	(in millions)
To record the estimated fair value of the following identifiable intangible assets:	
Customer relationships estimated 11 year weighted average useful life	\$ 3,100
Tradenames and other intangibles estimated 5 year weighted average useful life	315
Title plant and tradename non-amortizable as indefinite-lived	55
Eliminate ACS's historical intangible assets	(301)
Total	\$ 3,169

(D) Reflects adjustments for the following:

	(in millions)
Estimated transaction goodwill	\$ 3,983
Eliminate ACS's historical goodwill	(2,897)
Total	\$ 1,086

(E) Reflects adjustments for the following:(1)

	(in millions)
Establish deferred tax liability for the increase in the basis of identified acquired intangible assets(2)	\$ (1,149)
Elimination of ACS's previous deferred tax liability associated with historical goodwill	449
Reduce deferred tax assets related to the write-off of deferred revenue for which no future service obligation remains(3)	(52)
Establish deferred tax asset for contingent consideration related to previous ACS asset acquisitions(3)	4
Increase in deferred tax assets for the accelerated vesting of certain ACS nonqualified stock options(4)	34
Reduction of income taxes related to the write-off of ACS's unamortized debt issuance costs(5)	8
Total change in deferred tax assets	\$ (706)
Total change from the unaudited historical balance sheet:	
Net change in current portion of deferred tax assets see (B) above	\$ (49)
Net change in long-term portion of deferred tax assets	(657)
Total	\$ (706)

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- (1) Given that ACS is predominately a U.S. based entity, Xerox has assumed a blended 38% tax rate representing the estimated combined effective U.S. federal and state statutory rates. However, the effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities.
- (2) See (C) above for identified intangible assets.
- (3) See (H) and (I) below for adjustments to underlying liability that was tax effected.
- (4) See additional paid-in-capital at (L) below.

(5) See (B) above and (F) below for the write-off of certain unamortized debt issuance costs.

Table of Contents**(F)** Reflects adjustments for the following:

	(in millions)
Write-off of certain ACS deferred customer costs including contract inducements and contract set-up and transition costs	\$ (166)
Deferral of costs associated with new debt issued in connection with the merger(1)	19
Write-off the long-term portion of ACS's unamortized debt issuance costs(2)	(14)
Write-off the unamortized deferred issuance costs related to bridge term facility	(36)
Total	\$ (197)

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- (1) Deferred debt issuance costs expected to be amortized over the term of the associated new debt. See (G) below.
(2) See (B) and (E) above and (G) below.

(G) Reflects adjustments for the following:

	(in millions)
New borrowings:	
Expected new senior unsecured notes(1)(2)	\$ 1,950
Borrowings under our existing revolving credit facility at an assumed current rate of 3.75%(2)	750
Total	\$ 2,700
Repayments:	
ACS Term Loan Facility due March 2013	\$ (1,737)
ACS Revolving Facility due March 2012	(34)
Total repayments:(2)	(1,771)
Estimated fair market value adjustment for the assumed ACS debt that will not be repaid in conjunction with the merger	(4)
Total repayments and fair market value adjustments	\$ (1,775)
Net change in debt	\$ 925
Total change from the unaudited historical balance sheet:	
Current debt portion	\$ (17)
Long-term debt portion	942
Total	\$ 925

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- (1) See note (C) in Note 6 – Adjustments to Unaudited Pro Forma Condensed Combined Statements of Income for the estimated interest expense on the expected new senior unsecured notes based on an assumed blended average interest rate of 6.8%.
(2) The cash portion of the acquisition, as well as the repayment of approximately \$1.8 billion of ACS's assumed debt is expected to be funded through a combination of cash on hand, additional borrowings under our existing credit facility and the issuance of unsecured senior notes in the capital markets. We have received commitments from several banks for a syndicated \$3.0 billion interim bridge term facility that may be used for funding in the event the merger closes prior to obtaining permanent financing in the capital

markets. However, for purposes of these unaudited pro forma condensed combined financial statements the expected permanent financing is assumed.

Table of Contents**(H)** Reflects adjustments for the following:

	(in millions)
Payment upon termination of ACS interest rate swaps - current portion(1)	\$ (21)
Write-off of the current portion of deferred revenue for which no future service obligation remains(1)(2)	(55)
Reduction of income taxes payable for the tax benefit associated with the bridge term facility costs expected to be expensed(3)	(23)
Reduction of other current liabilities for accrued fees associated with the bridge term facility assumed to be paid in conjunction with the closing of the merger(4)	(25)
To eliminate acquisition related transaction costs including advisory and legal fees accrued in the nine months ended September 30, 2009 assumed to be paid in conjunction with the closing of the merger	(16)
Current portion of accrual for contingent consideration related to previous ACS acquisitions(1)	8
Total	\$ (132)

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- (1) See (I) below for long-term portion.
- (2) After the completion of the merger Xerox's revenue will reflect the decreased valuation of ACS's deferred revenue. Although long-term there will be no continuing impact on the combined operating results, the majority of this deferred revenue would have been recognized by ACS in the next two years. To show the anticipated effect on the condensed combined operating results after the completion of the merger, the historical unaudited pro forma condensed statements of income were also adjusted to reflect the decreased value of ACS's deferred revenue.
- (3) See (N) below.
- (4) See (A) above for acquisition related transaction costs including certain costs related to the bridge term facility.

(I) Reflects adjustments for the following:

	(in millions)
Payment upon termination of ACS interest rate swaps - long-term portion(1)	\$ (12)
Write-off of the long-term portion of deferred revenue for which no future service obligation remains(1)	(83)
Estimated incremental payments related to the change in control of ACS (excludes \$11 million accrued by ACS as of September 30, 2009)(2)	72
Long-term portion of accrual for contingent consideration related to previous ACS acquisitions(1)	2
Total	\$ (21)

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- (1) See (H) above for current portion.
- (2) The total of \$83 million represents the estimated amount for change in control related payments. This amount is a preliminary estimate and will likely change once the underlying calculations are finalized.

(J) Reflects adjustments for the following:

	(in millions)
Issuance of Series A convertible preferred stock	\$ 300
Deferred transaction costs related to the issuance of the preferred stock	(1)
Total	\$ 299

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(K) Reflects adjustments for the stock portion of the merger consideration, at par, and to eliminate ACS's common stock, at par, as follows:

	(in millions)
Issuance of Xerox common stock based on exchange ratio of 4.935 shares for each share of ACS Class A common stock and ACS Class B common stock	\$ 482
Eliminate ACS common stock	(1)
Total	\$ 481

(L) Reflects adjustments for the following:

	(in millions)
To record stock portion of the merger consideration at fair value	\$ 3,759
Par value of stock portion of the merger consideration recorded within common stock(1)	(482)
To record the fair value of stock options that will vest as a result of the merger(2)	192
Eliminate ACS additional paid-in-capital	(1,737)
Capitalized transaction costs related to the issuance of Xerox common stock	(5)
Total	\$ 1,727

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(1) See (K) above.

(2) See (E) above.

(M) To eliminate ACS's treasury stock.

(N) Reflects adjustments for the following:

	(in millions)
Eliminate ACS retained earnings	\$ (2,061)
To record estimated non-recurring costs for remaining Xerox acquisition related transactions costs and certain costs related to the bridge term facility which Xerox does not plan to utilize (excludes \$9 million incurred by Xerox in the nine months ended September 30, 2009)	(101)
Tax benefit of the bridge term facility costs(1)	23
Total	\$ (2,139)

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(1) See (H) above.

(O) To eliminate ACS's accumulated other comprehensive loss.

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SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus, including those relating to Xerox's and ACS's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, should, may, expects, anticipates, intends, plans, believes, estimates and similar expressions, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to in this joint proxy statement/prospectus as the Exchange Act. Forward-looking statements include information concerning possible or assumed future results of operations of Xerox and ACS as set forth under The Merger Recommendation of the Xerox Board of Directors; Xerox's Reasons for the Merger, The Merger Recommendation of the ACS Board of Directors; ACS's Reasons for the Merger, The Merger Opinions of Financial Advisors to Xerox, The Merger Opinion of Financial Advisor to ACS, The Merger Opinion of Financial Advisor to the Strategic Transaction Committee, The Merger Xerox Unaudited Prospective Financial Information and The Merger ACS Unaudited Prospective Financial Information. These statements are not historical facts but instead represent only Xerox's and ACS's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include the risk factors set forth above and other market, business, legal and operational uncertainties discussed elsewhere in this document and the documents which are incorporated herein by reference. Those uncertainties include, but are not limited to:

the unprecedented volatility in the global economy;

the risk that the future business operations of Xerox or ACS will not be successful;

the risk that all of the anticipated benefits from the merger will not be realized;

the risk that customer retention and revenue expansion goals for the merger will not be met and that disruptions from the merger will harm relationships with customers, employees and suppliers;

the risk that unexpected costs will be incurred;

the outcome of litigation and regulatory proceedings to which Xerox and/or ACS may be a party;

actions of competitors;

changes and developments affecting Xerox's and/or ACS's industries;

quarterly or cyclical variations in financial results;

development of new products and services;

interest rates and cost of borrowing;

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Xerox's and ACS's ability to protect their intellectual property rights;

Xerox's ability to maintain and improve cost efficiency of operations, including savings from restructuring actions;

changes in foreign currency exchange rates;

changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the foreign countries in which Xerox and ACS do business; and

reliance on third parties for manufacturing of products and provision of services.

Additional factors that could cause Xerox's and ACS's results to differ materially from those described in the forward-looking statements can be found in the 2008 Annual Report on Form 10-K of Xerox, the 2009 Annual Report on Form 10-K of ACS, Xerox's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and ACS's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, in each case as filed with the Securities and Exchange Commission, which we refer to in this joint proxy statement/prospectus as the "SEC," and available at the SEC's Internet site (www.sec.gov). Neither Xerox nor ACS undertakes any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date on which such statements were made.

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INFORMATION ABOUT THE COMPANIES

Xerox Corporation

Xerox Corporation is a New York corporation and was founded in 1906. Xerox is a \$17.6 billion technology and services enterprise and a leader in the global document market. Xerox develops, manufactures, markets, services and finances a complete range of document equipment, software, solutions and services. Xerox operates in over 160 countries worldwide. Xerox sells its products and solutions directly to customers through its worldwide sales force and through a network of independent agents, dealers, value-added resellers, systems integrators and on the Web. Xerox's principal executive offices are located at 45 Glover Avenue, Norwalk, Connecticut 06856-4505 and its telephone number is (203) 968-3000.

Boulder Acquisition Corp.

Boulder Acquisition Corp. is a Delaware corporation and a direct wholly-owned subsidiary of Xerox. Boulder Acquisition Corp. was organized on September 21, 2009, solely for the purpose of effecting the merger with ACS. It has not carried on any activities other than in connection with the merger. Boulder Acquisition Corp.'s principal executive offices are located at 45 Glover Avenue, Norwalk, Connecticut 06856-4505 and its telephone number is (203) 968-3000.

Affiliated Computer Services, Inc.

Affiliated Computer Services, Inc. is a Delaware corporation and was founded in 1988. ACS is a provider of business process outsourcing and information technology services. ACS provides non-core, mission critical services that its clients need to run their day-to-day business. ACS's services are focused on vertical markets and centered on its clients' needs. The services ACS provides enable its clients to concentrate on their core operations, respond to rapidly changing technologies and reduce expenses associated with their business processes and information processing. ACS supports client operations in more than 100 countries. ACS's principal executive offices are located at 2828 North Haskell, Dallas, Texas 75204 and its telephone number is (214) 841-6111.

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THE XEROX SPECIAL MEETING

This section contains information about the special meeting of Xerox stockholders that has been called to consider and approve the issuance of shares of Xerox common stock required to be issued pursuant to the merger agreement.

This joint proxy statement/prospectus is being furnished to the stockholders of Xerox in connection with the solicitation of proxies by the Xerox board of directors for use at the special meeting. Xerox is first mailing this joint proxy statement/prospectus and accompanying proxy card to its stockholders on or about [], 2009.

Date, Time and Place

The Xerox special meeting will be held on [], beginning at [], local time, at [].

Matters to be Considered

The purpose of the special meeting is to consider and vote upon the proposal to issue shares of Xerox common stock required to be issued to ACS stockholders pursuant to the merger agreement and to consider and vote upon the proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies.

Recommendation of the Xerox Board of Directors

THE XEROX BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AGREEMENT AND MERGER ARE ADVISABLE AND IN THE BEST INTERESTS OF XEROX AND ITS STOCKHOLDERS AND RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO ISSUE SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED PURSUANT TO THE MERGER AGREEMENT AND FOR THE PROPOSAL TO ADJOURN THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES.

Xerox stockholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the proposed transactions. In addition, Xerox stockholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Record Date; Shares Entitled to Vote

Only holders of record of Xerox common stock as of the close of business on the Xerox record date ([]) will be entitled to vote at the Xerox special meeting. Each share of Xerox common stock is entitled to one vote on each proposal. On the Xerox record date, there were [] shares of Xerox common stock outstanding and entitled to vote at the special meeting.

Voting by Xerox's Directors and Executive Officers

On the Xerox record date, directors and executive officers of Xerox and their affiliates had the right to vote [] shares of Xerox common stock, representing less than []% of the shares entitled to vote at the Xerox special meeting. Xerox currently expects that its directors and executive officers will vote their shares FOR the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement and FOR the proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies.

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Quorum and Required Vote

Holders of a majority in voting power of the Xerox common stock issued and outstanding and entitled to vote thereat, represented (whether in person or by proxy) at the Xerox special meeting, will constitute a quorum to conduct business at such meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the Xerox special meeting will have the power to adjourn the meeting.

Assuming a quorum of stockholders is represented (whether in person or by proxy) at the Xerox special meeting, the affirmative vote of holders of a majority in voting power of the shares of Xerox common stock represented (whether in person or by proxy) at such meeting or any adjournment or postponement thereof is required to approve the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement. Assuming a quorum of stockholders is represented (whether in person or by proxy) at the Xerox special meeting, the affirmative vote of holders of a majority of the votes cast in favor of or against such proposal by holders of shares of Xerox common stock is required to adjourn the Xerox special meeting, if necessary or appropriate, including to solicit additional proxies. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the Xerox special meeting will have the power to adjourn the meeting. An abstention will not constitute a vote cast.

Effects of Abstentions and Broker Non-Votes

Abstentions and Failures to Vote

Quorum. Abstentions are counted for the purposes of determining the presence or absence of a quorum.

Proposal to Issue Shares of Common Stock. (i) A failure to submit a proxy card (or to submit a proxy by telephone or over the Internet or to vote in person at the Xerox special meeting) will have no effect on such proposal but (ii) an abstention will have the same effect as a vote against such proposal.

Proposal to Adjourn. An abstention or failure to vote will have no effect on the proposal to adjourn the special meeting.

Broker Non-Votes

Quorum. Broker non-votes are not counted for the purpose of determining the presence or absence of a quorum.

Proposal to Issue Shares of Common Stock. A broker non-vote will have no effect on such proposal.

Proposal to Adjourn. A broker non-vote will have no effect on such proposal.

ESOP Voting Instruction

Beneficial owners of shares of Xerox common stock held in their accounts in the Xerox ESOP can instruct State Street Bank and Trust Company, as ESOP Trustee, by telephone, over the Internet or by mail, how to vote. No matter which method is used, your voting instructions are confidential and will not be disclosed to Xerox. By providing your voting instruction in one of these ways, you instruct the ESOP Trustee to vote the shares allocated to your ESOP account. You also authorize the ESOP Trustee to vote a proportion of the shares of Xerox common stock held in the ESOP trust for which no instructions have been received.

Proxies

If you are a Xerox stockholder, you should complete and return the proxy card accompanying this joint proxy statement/prospectus to ensure that your vote is counted at the Xerox special meeting, even if you plan to

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attend the Xerox special meeting in person. If you are a registered stockholder (that is, you hold stock certificates or book-entry shares registered in your own name), you may also vote by telephone or over the Internet by following the instructions described on your proxy card. If your shares are held in nominee or street name, you will receive separate voting instructions from your broker or nominee with your proxy materials. Although most brokers and nominees offer telephone and Internet voting, availability and specific processes will depend on their voting arrangements. You can revoke a proxy at any time before the vote is taken at the Xerox special meeting by submitting to Xerox's Corporate Secretary written notice of revocation or a properly executed proxy of a later date, or by attending the Xerox special meeting and voting in person. Written notices of revocation and other communications about revoking Xerox proxies should be addressed to:

Xerox Corporation

45 Glover Avenue

P.O. Box 4505

Norwalk, Connecticut 06856-4505

Attention: Don H. Liu, Corporate Secretary

If your shares are held in street name, you should follow the instructions of your broker regarding the revocation of proxies.

All shares represented by valid proxies that Xerox receives through this solicitation and that are not revoked will be voted in accordance with the instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR the proposal to issue shares of Xerox common stock required to be issued pursuant to the merger agreement and FOR the proposal to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies. Approval of the first proposal is a condition to completion of the merger.

Special Meeting Admission

You must present an admission ticket, Xerox Special Meeting Notice or other proof of ownership of Xerox common stock as of the Xerox record date, as well as a form of personal photo identification, such as a driver's license, in order to be admitted to the meeting.

If you are a registered stockholder:

If you plan to attend the meeting, please mark the appropriate box on the proxy card and an admission ticket will be sent to you.

If you vote over the Internet or by telephone, there will be applicable instructions to follow when voting to indicate if you would like to receive an admission ticket.

If your shares are held beneficially in the name of a bank, broker or other holder of record:

You may request an admission ticket in advance by calling [] at [] or mailing a written request, along with proof of your ownership of Xerox common stock as of the Xerox record date, to Xerox Corporation, [], P.O. Box 4505, Norwalk, CT 06856-4505. All calls and written requests for admission tickets must be received no later than the close of business on [].

If you do not obtain an admission ticket in advance of the meeting, you must present proof of your ownership of Xerox common stock as of the Xerox record date, such as a bank or brokerage account statement or other evidence of ownership from your bank or broker, in order to be admitted to the meeting.

You can find directions to the meeting online at [] or by calling [] at [].

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Solicitation of Proxies

Xerox will bear the entire cost of soliciting proxies from its stockholders, except that Xerox and ACS have agreed to each pay one half of the costs and expenses of printing and mailing this joint proxy statement/prospectus and all filing and other similar fees payable to the SEC in connection with the transaction. In addition to the solicitation of proxies by mail, Xerox will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Xerox common stock and secure their voting instructions, if necessary. Xerox will reimburse the record holders for their reasonable expenses in taking those actions.

Xerox has also made arrangements with Innisfree M&A Incorporated to assist in soliciting proxies and in communicating with stockholders and has agreed to pay them a fee not expected to exceed \$100,000 (of which \$25,000 is a success fee) plus reasonable expenses for these services. If necessary, Xerox may also use several of its regular employees, who will not be specially compensated, to solicit proxies from Xerox stockholders, either personally or by telephone, the Internet, facsimile or letter.

Confidential Voting

As a matter of policy, Xerox keeps confidential proxies, ballots and voting tabulations that identify individual stockholders. Such documents are available for examination only by the inspector of election and certain of Xerox's employees and Xerox's transfer agent and proxy solicitor who are associated with processing proxy cards and tabulating the vote. The vote of any stockholder is not disclosed except in a contested proxy solicitation or as may be necessary to meet legal requirements.

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THE ACS SPECIAL MEETING

This section contains information about the special meeting of ACS stockholders that has been called to consider and adopt the merger agreement.

This joint proxy statement/prospectus is being furnished to the stockholders of ACS in connection with the solicitation of proxies by the ACS board of directors for use at the special meeting. ACS is first mailing this joint proxy statement/prospectus and accompanying proxy card to its stockholders on or about [], 2009.

Date, Time and Place

A special meeting of the stockholders of ACS will be held at [] on [], at [], central standard time, unless the special meeting is adjourned or postponed.

Purpose

At the special meeting, ACS stockholders will be asked to:

consider and act on a proposal to adopt the merger agreement; and

approve the adjournment of the ACS special meeting (if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement).

Recommendation of the ACS Board of Directors

The ACS board of directors (other than Mr. Deason, who was recused from the meeting), acting upon the unanimous recommendation of the Strategic Transaction Committee, unanimously declared the merger agreement advisable and determined that the merger agreement is in the best interests of ACS and its stockholders, and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

THE ACS BOARD OF DIRECTORS (OTHER THAN MR. DEASON, WHO WAS RECUSED FROM THE MEETING), ACTING UPON THE UNANIMOUS RECOMMENDATION OF THE STRATEGIC TRANSACTION COMMITTEE, UNANIMOUSLY RECOMMENDS THAT ACS STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT AND FOR THE PROPOSAL TO APPROVE THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, INCLUDING TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT. SEE THE MERGER RECOMMENDATION OF THE ACS BOARD OF DIRECTORS; ACS S REASONS FOR THE MERGER BEGINNING ON PAGE 73.

ACS stockholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the proposed transactions. In addition, ACS stockholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Record Date; Shares Entitled to Vote

Only holders of record of shares of ACS common stock at the close of business on the ACS record date ([]) will be entitled to vote shares held at that date at the ACS special meeting or any adjournments or postponements thereof. Each outstanding share of ACS Class A common stock entitles its holder to cast one vote and each outstanding share of ACS Class B common stock entitles its holder to cast ten votes.

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As of the ACS record date, there were [] shares of ACS Class A common stock par value \$0.01 per share, outstanding and entitled to vote at the ACS special meeting and [] shares of ACS Class B common stock par value \$0.01 per share, outstanding and entitled to vote at the ACS special meeting.

Quorum

Holders of a majority in voting power of the ACS common stock issued and outstanding and entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will constitute a quorum to conduct business at the ACS special meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will have the power to adjourn the meeting.

A New York Stock Exchange member broker who holds shares in street name for a customer has the authority to vote on certain items if the broker does not receive instructions from the customer. Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, the beneficial owners of the shares, brokers have discretion to vote these shares on routine matters but not on non-routine matters. The adoption of the merger agreement is not considered a routine matter. Accordingly, brokers will not have discretionary voting authority to vote your shares at the ACS special meeting. A broker non-vote occurs when brokers do not have discretionary voting authority and have not received instructions from the beneficial owners of the shares. A broker will not be permitted to vote on the adoption of the merger agreement without instruction from the beneficial owner of the shares of ACS common stock held by that broker. Accordingly, shares of ACS common stock beneficially owned that have been designated on proxy cards by the broker, bank or nominee as not voted (broker non-vote) will have the same effect as a vote against the proposal to adopt the merger agreement. These broker non-votes will not be counted for purposes of determining whether a quorum exists at the special meeting.

Vote Required

The affirmative vote of holders of a majority in voting power of the outstanding shares of ACS common stock, voting together as a single class, is required to adopt the merger agreement. Abstentions and broker non-votes will have the same effect as a vote against the proposal to adopt the merger agreement.

Assuming a quorum of stockholders is represented (whether in person or by proxy) at the ACS special meeting, in order to approve the proposal to adjourn the meeting (if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the merger agreement), holders of a majority in voting power of the shares of ACS common stock, represented (whether in person or by proxy) at such meeting and entitled to vote thereon and which has actually been voted must vote in favor of the proposal to adjourn the meeting. In the absence of a quorum, the stockholders entitled to vote thereat and represented (whether in person or by proxy) at the ACS special meeting will have the power to adjourn the meeting. Broker non-votes will have no effect on the outcome of any vote to adjourn the meeting. Abstentions will have no effect on the outcome of any vote on the proposal to adjourn the meeting if a quorum of stockholders is present, however an abstention will count as a vote against a vote to adjourn the meeting where a quorum of stockholders is not present.

Voting by ACS's Directors and Executive Officers

As of the ACS record date, ACS's directors and executive officers and certain of their affiliates beneficially owned [] shares of ACS Class A common stock and [] shares of ACS Class B common stock entitled to vote at the ACS special meeting. This represents approximately []% of the total votes entitled to be cast at the ACS special meeting. Each ACS director and executive officer and certain of their affiliates has indicated his or her present intention to vote, or cause to be voted, the shares of ACS common stock owned by him or her for the adoption of the merger agreement. As of the ACS record date, Xerox did not beneficially own any shares of ACS common stock.

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Mr. Deason has entered into a voting agreement with Xerox pursuant to which Mr. Deason has agreed, subject to certain exceptions, to vote all of his shares of ACS common stock, or approximately []% of the total voting power of the outstanding shares of ACS common stock as of the ACS record date, in favor of the proposal to adopt the merger agreement. See "The Voting Agreement" beginning on page 155.

How to Vote

Stockholders of record can vote in person at the ACS special meeting or by proxy. There are three ways to vote by proxy:

By Telephone Stockholders of record located in the United States can submit a proxy by telephone by calling (800) 690-6903 and following the instructions on the Notice, or if you received a proxy card, by following the instructions on the proxy card;

By Internet Stockholders of record can submit a proxy over the Internet at www.proxyvote.com by following the instructions on the Notice, or if you received a proxy card, by following the instructions on the proxy card; or

By Mail Stockholders of record who received your proxy materials by mail can vote by mail by signing, dating and mailing the enclosed proxy card or voter instruction form.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day beginning on or about [], 2009 and will close at [] (eastern standard time) on [], 2009. Submitting a proxy over the Internet or by telephone is convenient, saves on postage and mailing costs and is recorded immediately, minimizing risk that postal delays may cause votes to arrive late and therefore not be counted. Stockholders who attend the ACS special meeting may vote in person, and any previously submitted proxies will be superseded by the vote cast at the ACS special meeting.

Stockholders who hold their shares in street name will need to obtain a voting instruction card from the institution that holds their shares and must follow the voting instructions given by that institution.

Shares represented by duly executed proxies in the accompanying form will be voted in accordance with the instructions indicated on such proxies or voter instruction forms, and, if no such instructions are indicated thereon, will be voted FOR the adoption of the merger agreement and FOR the approval of the proposal to adjourn the special meeting. Abstentions and broker non-votes will have the same effect as votes against the proposal to adopt the merger agreement.

Voting of Proxies

If you vote by Internet, by telephone or by completing, signing, dating and mailing your proxy card or voting instruction card, your shares will be voted in accordance with your instructions. If you are a stockholder of record and you sign, date and return your proxy card but do not indicate how you want to vote or do not indicate that you wish to abstain, your shares will be voted FOR the adoption of the merger agreement.

Revoking Your Proxy

If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the ACS special meeting. To do this, you must:

enter a new vote by telephone, over the Internet, or by signing and returning another proxy card at a later date;

provide written notice of the revocation to our Corporate Secretary or deliver another duly executed proxy or voter instruction form dated subsequent to the date thereof to the addressee named in the proxy or voter instruction form; or

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attend the meeting and vote in person.

If your shares are held in street name, you must contact your broker or nominee to revoke and vote your proxy.

Stockholders Sharing an Address

ACS may send a single set of stockholder documents to any household at which two or more stockholders reside. This process is called householding. This reduces the volume of duplicate information received at your household and helps us to reduce costs. Your materials may be householded based on your prior express or implied consent. If your materials have been householded and you wish to receive separate copies of these documents, or if you are receiving duplicate copies of these documents and wish to have the information householded, you may write or call our Investor Relations department at the following address or phone number: Affiliated Computer Services, Inc., 2828 N. Haskell Avenue, Dallas, Texas, 75204, Investor Relations, telephone number (214) 841-8281.

Proxy Solicitations

ACS is soliciting proxies for the ACS special meeting from ACS stockholders. ACS has also retained MacKenzie Partners Inc. to solicit proxies for the special meeting from ACS stockholders for a fee of \$50,000 plus reasonable out-of-pocket expenses. ACS will bear the entire cost of soliciting proxies from ACS stockholders, except that Xerox and ACS will share equally the expenses incurred in connection with the printing and mailing of this joint proxy statement/prospectus. In addition to this mailing, ACS's directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies. Solicitation of proxies will be undertaken through the mail, in person, by telephone, the Internet and videoconference.

ACS will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the beneficial owners of ACS common stock.

Other Business

The ACS board of directors is not aware of any other business to be acted upon at the special meeting.

Assistance

If you need assistance in completing your proxy card or have questions regarding ACS's Special Meeting, please contact MacKenzie Partners Inc. by mail at 105 Madison Avenue, New York, NY 10016, by telephone at (800) 322-2885 (toll free) or (212) 929-5500 (collect), or by email at acsproxy@mackenziepartners.com.

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THE MERGER

General

On September 27, 2009, the ACS board of directors (other than Mr. Deason, who was recused from the meeting), acting upon the unanimous recommendation of the Strategic Transaction Committee, and the Xerox board of directors each approved the merger agreement, which provides for the acquisition by Xerox of ACS through a merger of ACS with and into Boulder Acquisition Corp. After the merger, Boulder Acquisition Corp. will be the surviving corporation and will be a wholly-owned subsidiary of Xerox.

Upon completion of the merger, each share of ACS Class A common stock (other than excluded shares) will be converted into the right to receive (i) 4.935 shares of Xerox common stock, par value \$1.00 per share, and (ii) \$18.60 in cash, without interest, and each share of ACS Class B common stock (other than excluded shares) will be converted into the right to receive (i) 4.935 shares of Xerox common stock, par value \$1.00 per share, (ii) \$18.60 in cash, without interest, and (iii) a fraction of a share of Xerox Convertible Preferred Stock equal to (x) 300,000 divided by (y) the number of shares of ACS Class B common stock issued and outstanding as of the effective time of the merger.

Background of the Merger

The board of directors of ACS, together with senior management and ACS's advisors, has periodically reviewed and considered various strategic opportunities available to ACS, including whether the continued execution of ACS's strategy as a stand-alone company or the possible sale of ACS to, or a combination of ACS with, a third party offered the best avenue to maximize stockholder value. The board of directors has also considered from time to time the impact of ACS's dual class of common stock structure on the value of ACS's outstanding shares of Class A common stock, in light of the fact that Darwin Deason (Mr. Deason), ACS's founder and sole holder of ACS's Class B common stock, holds approximately 44% of the outstanding voting power of ACS's common stock.

In the past three years, these strategic opportunities have included consideration of, and negotiations with, potential acquirors of ACS. In January 2006, ACS disclosed that ACS had recently engaged in unsolicited discussions with a group of private-equity investors, which included Blackstone Management Partners, L.L.C. (Blackstone Management Partners), regarding a sale of ACS, but that these discussions had been terminated because of material changes in terms of the offer. In March 2007, Cerberus Capital Management, L.P. (Cerberus) and Mr. Deason made a public, written offer to ACS for \$59.25 per share in cash to the holders of ACS Class A common stock. Cerberus and Mr. Deason subsequently increased that offer to \$62 per share in cash in April 2007. Had this proposed transaction been completed, Mr. Deason would have held an equity ownership position in the acquiring entity and would have received consideration from Cerberus in exchange for an agreement to provide consulting services to ACS and to refrain from competing with ACS following the closing of the proposed transaction. Taken together, Mr. Deason estimated the value to him of this equity participation and additional payments to substantially exceed \$300 million. Cerberus and Mr. Deason terminated their offer on October 30, 2007, citing both deteriorating market conditions which impeded their ability to obtain the required financing and displeasure with the manner in which ACS's special committee of independent directors had conducted the transaction process.

In August 2008, a prominent private-equity firm (the Sponsor) approached ACS with a written indication of interest regarding a potential acquisition of ACS at a range of between \$60 and \$62 per share in cash, provided that its due diligence investigation supported its valuation and it was able to obtain suitable financing for the transaction. Following deliberation and consideration, the ACS board of directors formed a special committee of independent directors to consider and oversee any further actions by ACS in respect of the Sponsor's offer with the understanding that the transaction proceed in a manner that minimized the risk to ACS and its stockholders of an uncertain offer which may create ownership instability and therefore harm ACS's relationships with its

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existing and potential customers and with its employees. The members of the special committee were Kurt R. Krauss, Paul E. Sullivan and Frank Varasano. Ropes & Gray LLP (Ropes & Gray) and Evercore Group L.L.C. (Evercore) were advisors to the special committee and Cravath, Swaine & Moore LLP (Cravath) and Citigroup Global Markets Inc. (Citi) were advisors to ACS. Discussions between ACS and the Sponsor terminated in the fall of 2008 as deteriorating market conditions undermined the availability of financing for the proposed transaction.

Over the last several years the board of directors of Xerox and Xerox's senior management have been exploring potential business opportunities in the services business. Xerox identified ACS as an attractive potential acquisition opportunity in light of ACS's strength in the business process outsourcing (BPO) industry and strong management team. Over that period, Xerox's senior management studied potential acquisitions in the BPO market, including ACS. In the spring of 2009, following meetings between Xerox's senior management and representatives of Blackstone Advisory Services L.P. (Blackstone), a regular financial advisor to Xerox, regarding a potential acquisition of ACS, Xerox's senior management requested that representatives of Blackstone contact Mr. Deason to determine if he would support a business combination between Xerox and ACS. In response to Xerox's request, a representative of Blackstone Management Partners, Blackstone's private equity affiliate, who had led Blackstone Management Partners' discussions with ACS regarding a potential acquisition of ACS by a consortium of private equity funds led by Blackstone Management Partners and another prominent private equity fund in late 2005 and who remained in contact with Mr. Deason from time to time to discuss, among other things, potential business transactions, contacted Mr. Deason about a potential transaction between Xerox and ACS. Mr. Deason stated to the representative of Blackstone Management Partners his standing position that he, as a stockholder of ACS, would only support a transaction involving ACS that provided for a price of at least \$62 per share for the ACS common stock and an aggregate of \$300 million in additional consideration for Class B common stock. The representative of Blackstone Management Partners suggested that he would attempt to arrange a meeting among Mr. Deason, Anne M. Mulcahy, Chairman of Xerox (Ms. Mulcahy), and Ursula M. Burns, Chief Executive Officer of Xerox (Ms. Burns), to discuss a potential transaction between Xerox and ACS. Mr. Deason declined to have a meeting arranged and instead suggested that Blackstone contact representatives of Citi, who had served as a financial advisor to ACS for some time, to discuss a potential transaction, as Mr. Deason would not discuss a transaction with any principals of Xerox prior to the offer being discussed and considered by ACS's board of directors. Mr. Deason further noted that if Xerox were to decide to pursue a transaction after discussions with Citi, then ACS's board of directors would need to consider any offer from Xerox. From late May 2009 through June 2009, Blackstone and Citi held preliminary discussions regarding a potential transaction between ACS and Xerox, including transaction structures that involved a potential investment by funds affiliated with Blackstone Management Partners and/or other potential investors. Based on knowledge of the previous offer by Mr. Deason and Cerberus, the analysis of Xerox management regarding ACS and the information relayed to Xerox from representatives of Blackstone regarding their conversations with Citi and Mr. Deason, Xerox determined that in order for a transaction to be considered by ACS it would need to include at a minimum a price of at least \$62 per share for the ACS common stock and an aggregate of \$300 million in additional consideration for the Class B common stock. The \$62 per share price for the ACS common stock was a substantially higher price than Xerox would have offered had they not received information regarding conversations between Blackstone and each of Citi and Mr. Deason.

In late June 2009, representatives of Blackstone and Citi set up meetings with Lawrence A. Zimmerman, Vice Chairman and Chief Financial Officer of Xerox (Mr. Zimmerman), Ms. Mulcahy, Ms. Burns and Lynn R. Blodgett, President and Chief Executive Officer of ACS (Mr. Blodgett), to discuss a strategic combination with ACS. Mr. Blodgett informed the other members of the board of directors and ACS's senior management of Xerox's indication of interest.

The board of directors of ACS, on July 2, 2009, participated in an informational teleconference to discuss Xerox's interest in a strategic combination of the two companies. In addition to all members of the ACS board of directors, also present on the call were members of ACS's senior management team, Mr. Ben Druskin (Mr. Ben Druskin), Managing Director and Co-Head of Global Technology, Media and Telecommunications Investment

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Banking at Citi as well as other representatives from Citi, representatives from Cravath, counsel to ACS, and representatives from Ropes & Gray, which had represented the special committee of independent directors formed to consider and oversee ACS's response to the offer made by the Sponsor the previous August. Mr. Blodgett described the contacts between representatives of Xerox and ACS's management in the previous two weeks, including dinner meetings on June 23 and June 30 that included Mr. Blodgett and Mr. Zimmerman. ACS's board of directors discussed the negative effects of ownership uncertainty on ACS's relationships with its customers, employees and its businesses that management believed arose in previous, public transaction processes, as well as the potential for premature public disclosure of the discussions with Xerox and the risk of sharing confidential information with a potential strategic buyer. The board further discussed that if Xerox were to make a proposal to combine with ACS and were the board to decide to pursue it, management and ACS's advisors would need to employ a process that maximized certainty of closing in the event the companies entered into a merger agreement while minimizing the risks to ACS's stockholders of premature public disclosure. ACS's directors asked Cravath and Ropes & Gray to consider an appropriate process to maximize stockholder value and fulfill their fiduciary duties if ACS's board decided to pursue a Xerox transaction. ACS's board asked Cravath to request from Xerox a written proposal approved by Xerox's board of directors for a potential transaction that addressed all material terms, including price, certainty, timing, employee retention, financing and the strategic rationale for the combination. The ACS board also discussed the retention of Cravath and Citi and the historical roles of both Cravath and Citi as advisors to ACS and Mr. Deason, as well as the need for independent financial and legal advisors for the board or any special committee that might be formed.

On July 9, 2009, the board of directors of Xerox held a special telephonic meeting. In addition to all members of the Xerox board of directors, also present at the meeting were members of Xerox's senior management team and representatives from Blackstone. Xerox's senior management team discussed the strategic rationale of a potential transaction, including how ACS would fit into Xerox's BPO strategy, and reviewed a potential valuation of ACS. The board of directors of Xerox authorized management to retain Blackstone and an additional financial advisor and Simpson Thacher & Bartlett LLP (Simpson Thacher) as legal advisors in connection with any proposed transaction with ACS.

The board of directors of Xerox held a special board meeting on July 15, 2009 in Greenwich, Connecticut. In addition to a quorum of the Xerox board of directors, also present at the meeting were members of Xerox's senior management team. Mr. Don H. Liu, General Counsel and Secretary for Xerox (Mr. Liu) advised the board of directors that J.P. Morgan had been hired as an additional financial advisor for the potential transaction. Xerox's senior management discussed with the board of directors the potential benefits of an acquisition of ACS, including anticipated cost and revenue synergies and the strength of ACS's BPO business, and the challenges associated with a potential transaction. The board of directors and senior management also discussed how ACS would be managed by Xerox's leadership and potential issues to be addressed in connection with integrating ACS into Xerox.

On July 16, 2009, the board of directors of Xerox held a board meeting in Norwalk, Connecticut. In addition to all members of the Xerox board of directors, also present at the meeting were members of Xerox's senior management team and representatives of Simpson Thacher. Xerox's senior management reviewed its valuation of a potential transaction with ACS. Representatives of Simpson Thacher reviewed the terms of a draft, non-binding proposal to be sent to ACS and discussed the fiduciary duties of the Xerox directors in connection with a potential transaction with ACS. Xerox's senior management reviewed with the board the advice received from Blackstone and J.P. Morgan with respect to the potential transaction and the board discussed the proposal with Xerox's senior management, Blackstone and J.P. Morgan. After a lengthy discussion, the Xerox board of directors approved the non-binding proposal letter to be sent to ACS.

On July 16, 2009, Mr. Liu and Mr. Mario A. Ponce (Mr. Ponce) of Simpson Thacher contacted Mr. James C. Woolery (Mr. Woolery) of Cravath, who involved Mr. David C. Chapin (Mr. Chapin) and Mr. John D. Donovan (Mr. Donovan), each of Ropes & Gray, in the conversation. Mr. Liu and Mr. Ponce explained that Xerox would deliver the following day a written, non-binding proposal to ACS outlining Xerox's proposal for a strategic combination of the companies. Messrs. Liu and Ponce emphasized that Xerox's proposal letter would set forth what was, in Xerox's view, a fully-priced proposal, and should not be viewed by ACS as an

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opening proposal subject to significant negotiation. Mr. Woolery and Mr. Chapin informed Mr. Liu and Mr. Ponce that, in addition to achieving the best price for ACS's stockholders, which remained to be determined following the investigation of synergies, diligence and other value drivers in any transaction, ACS's board was focused on certainty of completion in any transaction.

On July 17, 2009, ACS received Xerox's written, non-binding proposal. Among other things, Xerox proposed a purchase price of \$62.00 per share of ACS common stock, to be paid in approximately 50% cash and 50% Xerox common stock. Xerox expressed the necessity of maintaining its investment grade credit rating in connection with any transaction and its need to obtain financing for the cash portion of the consideration in a manner that achieved that objective. Xerox's proposal letter also indicated that Xerox would pay Mr. Deason an aggregate of \$300 million of additional consideration and would require that Mr. Deason agree to support the transaction.

On July 20, 2009, the board of directors of ACS held a special telephonic meeting to discuss the terms of Xerox's proposal. In addition to all members of the ACS board of directors, also present were members of ACS's senior management team and representatives from Citi, Ropes & Gray and Cravath. Citi and Cravath presented the board with an overview of the Xerox proposal. Citi included within its presentation its preliminary financial analysis of Xerox's proposal and its advice that the financial terms of the proposal were worthy of further exploration.

The board asked Mr. Deason his view of the proposal and whether he had any prior discussions with Xerox regarding the proposal. The board noted that Mr. Deason's control over approximately 44% of the outstanding vote of ACS's common stock meant that the transaction proposed by Xerox could likely not be effected without his approval, and that it would be important for the board to know his views on the Xerox proposal, including the proposed consideration for the Class A common stock, the proposed additional consideration for the Class B common stock and the degree to which Mr. Deason would be willing to preserve his right in the voting agreement to accept a superior proposal made following announcement of the transaction, before committing ACS's resources toward pursuing Xerox's proposal, particularly in light of the risks of premature public disclosure inherent with any discussions of this nature. Mr. Deason informed the board that he had not had any prior discussions with any principal of Xerox regarding the proposal and that in his view, Xerox's proposal was interesting and warranted further evaluation if it could be pursued in a manner that would not risk prematurely exposing the transaction to the public. Among other things, Mr. Deason shared his view that the strategic rationale for the transaction required more exploration and understanding. With respect to the additional consideration offered to him as the sole holder of ACS's Class B common stock, Mr. Deason reported that, in his view, the voting power of the Class B common stock had additional value for which he was entitled to be compensated in any change-of-control transaction involving ACS, and that the \$300 million of additional consideration offered by Xerox was less than he had been offered in previous transactions. In light of that, Mr. Deason reported to the board that the additional consideration offered to him in Xerox's proposal would be a starting point for negotiations with Xerox for his Class B common stock, and that he would not support the proposed transaction with Xerox, or any other change-in-control transaction involving ACS, that offered less than \$300 million in incremental consideration to him. In light of the additional consideration that would be paid to him in a transaction with Xerox, Mr. Deason informed the board that he would recuse himself from further board meetings at which Xerox's proposal would be discussed. With respect to any other transactions that might be considered by ACS, Mr. Deason indicated he would need to evaluate these as they were proposed and that he would retain and consult with his own advisors regarding the Xerox proposal and any other proposal for a change-of-control transaction involving ACS.

The board then solicited the views of Mr. Blodgett regarding the Xerox proposal. Mr. Blodgett presented his views to the board and his conclusion that the offer should be further explored. The members of the board questioned Mr. Blodgett regarding the strategic rationale for the combination and emphasized that the board would need to be convinced of the strategic merits of the proposed transaction before it would consider proceeding with it. Citi and Mr. Deason were then excused from the meeting, and the directors continued their

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discussion with Mr. Blodgett, other senior management of ACS, Ropes & Gray and Cravath regarding the views expressed by Mr. Deason, including Mr. Blodgett's reaction to those views, and the strategic merits of the proposed transaction.

Following this discussion, Mr. Blodgett and the other senior management of ACS were excused from the meeting and Ropes & Gray and Cravath remained. The remaining board members, all of whom were independent with respect to Xerox's proposed transaction, then further discussed the terms of Xerox's proposal. Representatives of Ropes & Gray discussed with the independent directors their fiduciary duties in connection with any strategic transaction and their options for responding to Xerox's offer letter. At the conclusion of the meeting, the independent directors recommended that a strategic transaction committee be formed comprised of the five independent directors to consider and oversee any further action by ACS with respect to Xerox's proposal or any alternative transaction with complete authority to oversee and direct the transaction, to retain outside advisors and to recommend the transaction to the full board of directors or to reject it. Mr. Blodgett was then invited to re-join the meeting. The full board (other than Mr. Deason who was recused) adopted resolutions consistent with the recommendation of the independent directors providing for the formation of a strategic transaction committee (the Strategic Transaction Committee), further resolved that the board would not proceed with the transaction proposed by Xerox or any alternative transaction absent the recommendation of the Strategic Transaction Committee in favor of the transaction, and approved the negotiation and execution of a mutual confidentiality agreement and the commencement of mutual diligence under the direction of the Strategic Transaction Committee. The Strategic Transaction Committee asked Mr. Blodgett to provide them with regular informational reports on the status of due diligence. The Strategic Transaction Committee also instructed Mr. Blodgett to work with his management team to continue to evaluate the strategic rationale of the proposed transaction and to evaluate potential synergies created by a combination with Xerox. Finally, the board and Strategic Transaction Committee deferred discussion of any additional compensation to be paid to members of the Strategic Transaction Committee for their service on the Strategic Transaction Committee until the next regularly scheduled board meeting. Following this meeting, ACS proceeded to formally retain Citi as its financial advisor.

On July 22, 2009, Xerox and ACS entered into a mutual confidentiality agreement. Over the next several days, various discussions and negotiations took place between advisors of Xerox and advisors of ACS and the Strategic Transaction Committee regarding the process for the transaction. At the same time, Xerox, Xerox's advisors, Mr. Deason, Citi and Proskauer Rose LLP (Proskauer), Mr. Deason's counsel, engaged in discussions regarding the terms of the additional consideration that Mr. Deason would receive for his shares of Class B common stock. Mr. Deason requested through Proskauer that Xerox issue convertible preferred stock to him rather than cash and stock as additional consideration for his shares of Class B common stock because of his desire to further invest in the business combination and to receive an annual rate of return for such investment. Xerox considered Mr. Deason's request, including that the issuance of preferred stock to Mr. Deason would reduce the amount of cash needed to consummate the merger, thereby helping Xerox maintain its investment grade credit rating, and the importance of receiving Mr. Deason's support for the proposed transaction. Xerox concluded that despite the fact that the preferred stock would provide Mr. Deason with a liquidation preference over Xerox common stockholders and require specified cash dividend payments, it was in the best interest of Xerox and its stockholders to pay the additional consideration on the ACS Class B common stock in the form of preferred stock.

On or about August 2, 2009, Mr. Deason informed the Strategic Transaction Committee that he and Xerox had agreed that he would receive in the transaction as consideration for his shares of ACS Class B common stock, in addition to the consideration to be received by holders of ACS Class A common stock, a new series of Xerox convertible preferred stock with a face value of \$300 million, that would pay a dividend equal to 8% per year and that would be convertible at a 25% premium to the Xerox stock price at the time of the transaction. Mr. Deason explained to the Strategic Transaction Committee that, if upon further investigation the strategic rationale for the transaction proved compelling, receiving additional Xerox equity would be a good investment for him and the other ACS stockholders; however, if the strategic rationale did not prove compelling, he would not favor the transaction and would use his voting position in ACS to block it. Mr. Deason also informed the

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Strategic Transaction Committee that if he favored the transaction, he would agree to give Xerox a voting agreement in which he would agree to support the transaction at the ACS stockholder meeting called to consider it, subject to an appropriate exception in case of a superior alternative proposal.

On August 5, 2009, ACS provided a list to Xerox regarding the due diligence that ACS wished to perform on Xerox and shortly thereafter Xerox provided a similar list to ACS. Following the delivery of these lists, both ACS and Xerox commenced their respective due diligence investigations of each other, which generally consisted of, among other things, numerous meetings between the management and advisors of each company and the exchange of numerous documents and other information between the management and advisors of each company. Each party's due diligence investigation continued throughout the period leading to the execution of the merger agreement. Throughout the due diligence process, ACS's management and the Strategic Transaction Committee's legal and financial advisors provided regular reports and updates to the Strategic Transaction Committee, and Xerox's management and legal and financial advisors provided regular reports and updates to the Xerox board of directors.

On August 7, 2009, the Strategic Transaction Committee held a telephonic meeting to, among other things, discuss the transaction and the formal retention of Ropes & Gray and Evercore as advisors to the Strategic Transaction Committee. Present at the meeting were members of the Strategic Transaction Committee and representatives from Evercore, Ropes & Gray and Cravath. Evercore presented its preliminary analysis of the proposed transaction. This analysis included an overview of prior transactions involving companies with dual classes of common stock, one entitled to more votes per share than the other, and certain considerations the Strategic Transaction Committee might wish to take into account in negotiating a transaction with Xerox given ACS's dual class structure. The Strategic Transaction Committee discussed with Evercore the prior transactions involving companies with dual classes of common stock and the premium that was paid to holders of high-vote stock in such transactions. The Strategic Transaction Committee instructed Evercore that in light of the additional Xerox preferred stock proposed to be issued to Mr. Deason as consideration for his shares of ACS's Class B common stock, Evercore should perform further research and analysis of similar prior transactions, with a focus on the premium that was paid to the holders of the high-vote stock in such transactions. The Strategic Transaction Committee also discussed with Evercore the strategic rationale for the proposed transaction and its likely impact on the value of Xerox's common stock following the proposed combination. The Strategic Transaction Committee also instructed its advisors that given the risks and costs to ACS and its stockholders of a public, failed transaction, including the diversion of management and employee attention, potential employee attrition and the potential adverse effect on ACS's customer and other commercial relationships, discussions with Xerox would be terminated at any point in the process if the Strategic Transaction Committee determined that the terms of any proposed transaction by Xerox would not provide sufficient certainty of closing. At the conclusion of the meeting, the Strategic Transaction Committee authorized the formal retention of Evercore and Ropes & Gray as advisors to the Strategic Transaction Committee.

On August 11, 2009, representatives from J.P. Morgan and Blackstone, financial advisors to Xerox, discussed with Evercore and Citi various terms of the proposed transaction, including Xerox's proposed financing, the strategic rationale for and possible synergies arising from the transaction and the appropriate exchange ratio of ACS common stock for Xerox common stock (the Exchange Ratio) in light of a significant increase in Xerox's stock price since Xerox's offer letter on July 17th. The financial advisors also discussed the Strategic Transaction Committee's position on terms of the transaction that were important to the Strategic Transaction Committee, including the inclusion of provisions in the merger agreement and voting agreement that would permit the ACS board to consider and recommend potentially more favorable transactions proposed after the announcement of a transaction with Xerox, and if the ACS board changed its recommendation in favor of the Xerox deal to accept a superior transaction, provisions in the voting agreement that would permit Mr. Deason to vote some or all of his shares in favor of the superior transaction (referred to as the fiduciary out), the inclusion of a condition in the merger agreement that holders of a majority of the outstanding voting power of ACS other than Mr. Deason approve the Merger (referred to as a majority of the minority requirement) and the need for a high degree of certainty with respect to Xerox's obligation to consummate a transaction.

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The Xerox board of directors held a special telephonic board meeting on August 13. In addition to a quorum of the Xerox board of directors, also present at the meeting were members of Xerox's senior management team. Xerox's senior management team provided an update on the due diligence process to date and the meetings between Xerox and ACS with respect to potential business synergies and operational and integration issues. In addition, members of Xerox's senior management provided an update on the financing discussions with J.P. Morgan, including J.P. Morgan's willingness to provide a bridge loan, the unlikely need for a private equity investment and the likely need to pay the merger consideration in 30% cash and 70% stock in order to maintain Xerox's investment grade rating.

On August 17, 2009, the Strategic Transaction Committee held a telephonic meeting with representatives of Evercore and Ropes & Gray. Among other things, the Strategic Transaction Committee discussed with Evercore and Ropes & Gray the advantages and disadvantages of approaching the Sponsor to determine if the Sponsor had an interest in pursuing an acquisition of ACS, and if so, at what price. At the conclusion of the meeting, the Strategic Transaction Committee instructed Evercore to contact the Sponsor and inquire about the Sponsor's current interest in an acquisition of ACS.

On or about August 17, 2009, Evercore contacted the Sponsor and its financial advisor. The Sponsor indicated that its preliminary valuation was \$55 to \$57 per share of ACS common stock in cash, with the understanding that additional compensation for the Class B common stock would be determined, and that it would be unable to pay the \$62 per share that was at the top of its valuation range the previous fall. Further, the Sponsor indicated that arranging financing for a transaction at or above \$57 per share would likely prove challenging.

On August 20, 2009, the board of directors of ACS held a regular meeting in Dallas, Texas. Present at the meeting were members of the board of directors (except Mr. Deason who recused himself) and, for all or portions of the meeting, members of management of ACS and representatives from Citi, Evercore, Ropes & Gray and Cravath. The board addressed both ordinary business and the transaction proposed by Xerox. The board of directors, along with its advisors, discussed the compensation to be paid to members of the Strategic Transaction Committee and resolved that members of the Strategic Transaction Committee would be paid \$20,000 per month, while the chairman of the Strategic Transaction Committee would be paid \$25,000 per month, so long as a transaction process continued. Members of management of ACS and representatives from Citi each delivered a presentation to the board regarding Xerox, its business and the proposed transaction, the results to date of their due diligence and the strategic rationale for the proposed transaction.

Also on August 20, 2009, the Strategic Transaction Committee held a meeting in Dallas, Texas. Present at the meeting were members of the Strategic Transaction Committee and, for portions of the meeting, Mr. Blodgett and representatives from Evercore, Ropes & Gray and Cravath. Evercore updated the Strategic Transaction Committee on the status of the proposed transaction with Xerox, including Xerox's progress in obtaining financing and negotiations that Evercore had conducted with Xerox's advisors at the request of the Strategic Transaction Committee concerning the Exchange Ratio and other key terms, including the inclusion of fiduciary out provisions in the merger agreement and voting agreement, and inclusion of a majority of the minority approval condition in the merger agreement. In response to the presentation of Evercore, the Strategic Transaction Committee reiterated its position that deal certainty was very important to it given the potential significant, negative effects that a failed deal could have on ACS's customers, employees and business. In addition, the Strategic Transaction Committee discussed the importance that fiduciary out provisions in both the merger agreement and voting agreement be structured such that a potential topping bidder would be able to offer incremental consideration to ACS stockholders commensurate with or in excess of that proposed by Xerox (including consideration payable to Mr. Deason for his shares of ACS Class B common stock), and that the voting agreement would permit any topping proposal to have a reasonable chance of consummation and not unreasonably discourage any topping proposal to be made in the first instance.

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Evercore updated the Strategic Transaction Committee on the results of its conversation with the Sponsor and the Sponsor's valuation of ACS. Ropes & Gray relayed to the Strategic Transaction Committee a conversation with a representative of Proskauer, counsel to Mr. Deason, regarding, among other things, Mr. Deason's views on the Exchange Ratio. Evercore outlined certain considerations the Strategic Transaction Committee might wish to take into account because a component of the consideration being offered by Xerox was Xerox stock, including the possible use of collars or other devices to protect ACS stockholders from declines in the price of Xerox common stock. Evercore also presented an analysis that had been previously requested by the Strategic Transaction Committee of precedent transactions involving companies with dual classes of common stock, the premium paid to holders of high-vote stock in these transactions, the dilution in value to other holders of common stock as a result of these premiums, and how Xerox's proposal compared to those precedent transactions. The Strategic Transaction Committee and their advisors continued to discuss the strategic rationale for a combination with Xerox and the likely impact on Xerox's common stock. Evercore also presented its analysis of the effects of the announcement of strategic transactions on acquirors' share prices, including recently announced transactions in technology industries and the possible effects of the announcement of this transaction on Xerox's stock price. The Strategic Transaction Committee discussed that, based on Xerox's then stock price, and assuming an Exchange Ratio established based on Xerox's stock price at the time Xerox delivered its written proposal, the value of the proposed transaction had increased to approximately \$69.08 per share of ACS common stock. The Strategic Transaction Committee instructed Evercore, in its negotiations with J.P. Morgan and Blackstone, to establish \$62 per share as the lowest amount the Strategic Transaction Committee would accept, and to pursue both a higher price per ACS share through an Exchange Ratio closer to that implied by the Xerox stock price on the date of Xerox's written proposal than that implied by Xerox's then current stock price and a collar to protect the value per ACS share of the transaction from decreasing if Xerox's stock price decreased following announcement of the transaction. The Strategic Transaction Committee then instructed Evercore to advise the Sponsor that the Strategic Transaction Committee was not interested in pursuing a transaction with the Sponsor unless the Sponsor was willing to increase its proposed valuation. At the conclusion of the meeting, all persons other than the members of the Strategic Transaction Committee excused themselves from the meeting, and the Strategic Transaction Committee held an executive session.

On August 21, 2009, representatives of Evercore contacted J.P. Morgan and Blackstone to discuss the Strategic Transaction Committee's concerns regarding Xerox's proposal. In particular, the parties discussed the status of Xerox's financing and the Strategic Transaction Committee's position on the Exchange Ratio, the importance to the Strategic Transaction Committee of closing certainty and the other aspects of the proposal discussed by the Strategic Transaction Committee with Evercore at its meeting on August 20. During these discussions, J.P. Morgan and Blackstone shared with Evercore Xerox's view that the recent increase in the value of Xerox's common stock had no impact on the value of ACS and that its offer to combine with ACS remained at \$62 per share. Also on August 21, 2009, representatives of Evercore contacted the Sponsor and informed the Sponsor that the Strategic Transaction Committee would be interested in pursuing a potential transaction with the Sponsor, but only if the Sponsor could substantially increase its proposed valuation.

On August 28, 2009, the Strategic Transaction Committee held a telephonic meeting. At the commencement of the meeting, only members of the Strategic Transaction Committee and Ropes & Gray were present. Representatives from Ropes & Gray provided an overview to the Strategic Transaction Committee of their fiduciary duties under Delaware law. Mr. Robert Druskin then noted that his son, Mr. Ben Druskin, was serving as an investment banker for Citi with respect to the proposed transaction with Xerox. Mr. Druskin inquired whether his son's involvement might be perceived to raise questions concerning his independence under Delaware law in the context of the proposed transaction. At the conclusion of this discussion, Mr. Robert Druskin and the other members of the Strategic Transaction Committee agreed that any decision regarding Mr. Robert Druskin's future service on the Strategic Transaction Committee should await a formal analysis by Ropes & Gray.

Representatives from Evercore and Cravath then joined the meeting. Evercore presented an update on events of the past week, including conversations it had with J.P. Morgan and Blackstone regarding the Exchange Ratio and Xerox's focus on maintaining its investment grade credit rating. The Strategic Transaction Committee

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instructed Evercore to obtain more information regarding Xerox's proposed financing of the transaction. Evercore also addressed its continued analysis of precedent transactions involving companies with dual classes of common stock and how Xerox's proposal compared to those precedent transactions. Following Evercore's presentation regarding precedent dual class of stock transactions, the Strategic Transaction Committee discussed whether the Xerox convertible preferred stock to be issued to Mr. Deason as incremental consideration, which Mr. Deason had earlier indicated was a non-negotiable minimum amount he was willing to accept, was acceptable in light of the value that the holders of the ACS Class A common stock would receive in the proposed transaction with Xerox and whether this incremental consideration was within the range of amounts other stockholders similarly situated to Mr. Deason had required and received in previous transactions. The Committee concluded, based on the following factors, that it would be willing to proceed with a transaction with Xerox that would provide Mr. Deason the convertible preferred stock that Xerox had offered: Mr. Deason's clear position that he was unwilling to accept less incremental consideration in the proposed transaction with Xerox, and the Committee's view that therefore further negotiation with Mr. Deason on this aspect of the transaction would be fruitless; Mr. Deason would not likely approve a future transaction without receiving similar incremental consideration; the amount offered to Mr. Deason by Xerox was within the range of amounts paid to high vote stockholders in precedent transactions as demonstrated by the Evercore analysis; and the value being offered by Xerox to the holders of Company's Class A common stock was compelling.

Representatives of Evercore provided the Strategic Transaction Committee with an overview of the due diligence process to date and responded to questions from the Strategic Transaction Committee. As had been previously requested by the Strategic Transaction Committee, Evercore also presented an overview of all prior contacts between Evercore and/or Citi and potential acquirors and business combination partners of ACS over the preceding year, and confirmed that based upon these discussions, in Evercore's view, none seemed likely interested in an acquisition of or business combination with ACS in the near term. The Strategic Transaction Committee proceeded to consider whether a pre-signing market check would likely prove fruitful. The Strategic Transaction Committee discussed and concluded, based in part on advice from Evercore, that the Sponsor's view on valuation and the challenges associated with arranging financing for any acquisition of ACS at a higher price would likely be consistent with other potential private equity firm buyers. The Strategic Transaction Committee further discussed and concluded that the following factors, taken together, indicated that a pre-signing market check was unlikely to produce an offer to purchase or combine with ACS that was superior to Xerox's proposal: (1) the recent discussions with the Sponsor, (2) the fact that previous potential transactions involving ACS, some of which had been publicly disclosed, likely indicated to potential acquirors and business combination partners during the previous several years that ACS would consider offers to acquire or combine with ACS at \$62 per share, and (3) the discussions with potential strategic acquirors that Evercore and Citi had held over the previous year. In light of the risks of premature public disclosure associated with a pre-signing market check and the risk that Xerox would discontinue discussions if ACS proceeded to conduct a formal, pre-signing market check, as it had indicated that it would, the Strategic Transaction Committee concluded that so long as ACS was able to negotiate acceptable fiduciary out provisions with Xerox, it was in the best interests of ACS stockholders to forego a pre-signing market check and instead rely on effective fiduciary out provisions in the merger agreement to verify that Xerox's proposal was the best available to ACS stockholders.

On September 2, 2009, J.P. Morgan and Blackstone contacted Evercore and Citi and presented Evercore and Citi with a revised proposal from Xerox. J.P. Morgan and Blackstone explained that Xerox remained willing to offer consideration valued at \$62 per share of ACS stock, but that in order to maintain its investment grade rating and in light of its available financing options, it now proposed to pay the merger consideration in 30% cash and 70% stock (as compared to Xerox's original proposal of approximately 50% cash and 50% stock). Xerox reiterated that it was not prepared to fix the Exchange Ratio as of July 17th or provide a collar, as the Strategic Transaction Committee requested. J.P. Morgan and Blackstone also explained that Xerox was not prepared to agree to the majority of the minority approval condition in the merger agreement that the Strategic Transaction Committee had also requested. Further, Xerox proposed that Mr. Deason would be required to vote all of his ACS common stock in favor of the Xerox proposal and against any alternative transaction, except that if the ACS board elected to accept a superior proposal, Mr. Deason would only be required to vote the shares of his ACS

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stock representing 30% of the total voting power of ACS in favor of the Xerox transaction and against the alternative transaction. Xerox would also have prohibited Mr. Deason from voting any of his shares in favor of any other transaction involving ACS for the ensuing two years. In a subsequent conversation, J.P. Morgan offered to Citi that, if Citi requested, J.P. Morgan would discuss with Xerox whether Xerox would be willing to consider alternatives to the consideration mix to be received by Mr. Deason.

Also on September 2, 2009, Simpson Thacher circulated drafts of a proposed merger agreement and voting agreement that reflected the revised Xerox proposal. From September 2, 2009 until the execution of definitive documents on September 27, 2009, the parties and their respective financial and legal advisors exchanged numerous drafts of the merger agreement, voting agreement and the other transaction documents, including the commitment letter between Xerox and J.P. Morgan (in its capacity as a financing source to Xerox) providing for a bridge loan facility to Xerox to finance the proposed transaction, and engaged in negotiations and discussions regarding the terms of the transaction documents.

On September 3, 2009, Citi received from Mr. Deason and, after discussion with Evercore, delivered to J.P. Morgan and Blackstone Mr. Deason's counterproposal to the revised Xerox proposal. Mr. Deason rejected the suggestion that he would receive a cash/stock mix of consideration that is different from the mix received by other ACS stockholders, other than with respect to the additional consideration for his Class B common stock. Further, Mr. Deason proposed that the exchange ratio be fixed at 5.800x, a level that was between the ACS position that the exchange ratio should be fixed on the date Xerox submitted its written proposal and Xerox's position that the exchange ratio should be fixed presently or at signing, and that the exchange ratio have a collar that would protect ACS stockholders against a decrease in the Xerox stock price down to \$6.84, which was the level of Xerox's stock price on the date Xerox delivered its written proposal. Mr. Deason instructed Citi to, and Citi did, alert J.P. Morgan that it was delivering a proposal from Mr. Deason in his individual capacity as a stockholder, and not on behalf of ACS or the Strategic Transaction Committee, and that J.P. Morgan would need to learn separately from the Strategic Transaction Committee its views on Xerox's most recent proposal. Mr. Deason also deferred to the Strategic Transaction Committee with respect to the proposed majority of the minority condition and fiduciary out provisions.

On September 4, 2009, the Strategic Transaction Committee held a telephonic meeting. At the commencement of the meeting, only members of the Strategic Transaction Committee and Ropes & Gray were present. Mr. Kurt Krauss, Chairman of the Strategic Transaction Committee, opened the meeting by relaying to the Strategic Transaction Committee that Mr. Robert Druskin had previously informed him that Mr. Druskin had considered the benefits of his remaining on the Strategic Transaction Committee and although he felt he could serve as an effective, independent committee member, he determined that it was in the best interests of ACS and its stockholders for him to resign from the Strategic Transaction Committee in order to avoid any appearance of a conflict of interest. The other members of the Strategic Transaction Committee deliberated on the matter and then accepted Mr. Druskin's resignation.

Ropes & Gray proceeded to provide the Strategic Transaction Committee with an update on the terms of Xerox's revised proposal, including Xerox's proposal to pay consideration valued at \$62 per share in a consideration mix of 30% cash and 70% stock consideration, Xerox's unwillingness to fix the Exchange Ratio as of July 17th, Xerox's rejection of the Strategic Transaction Committee's request for inclusion of a condition that the transaction be approved by a majority of the minority and Xerox's continued insistence on a strong voting agreement from Mr. Deason. Ropes & Gray also described to the Strategic Transaction Committee the conversations that had taken place between Evercore, Citi, and J.P. Morgan regarding Mr. Deason's position on Xerox's revised proposal, and details of Mr. Deason's counterproposal.

At this point, representatives from Evercore and Cravath joined the meeting. Evercore updated the Strategic Transaction Committee on, among other things, the events of the past several days and presented a financial analysis of Xerox's revised proposal. The Strategic Transaction Committee and the others participating in the meeting discussed at length how, when and in what manner the Strategic Transaction Committee should respond to Xerox's most recent revised proposal. The Strategic Transaction Committee instructed Evercore to continue to

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negotiate for inclusion of a collar and a majority of the minority approval condition in the merger agreement and reiterated the importance that both the merger agreement and the voting agreement needed to include effective fiduciary out provisions. Based on advice from Evercore and the others participating in the meeting, the Strategic Transaction Committee determined to seek an Exchange Ratio of 5.800x, with a collar that protected ACS stockholders against a decrease in Xerox's common stock down to \$6.51 per share, or 5% below the level on the date Xerox delivered its written proposal. The Strategic Transaction Committee instructed Evercore to provide a written counterproposal to Xerox's advisors containing these terms.

On September 8, 2009, Evercore delivered to J.P. Morgan and Blackstone the Strategic Transaction Committee's written counterproposal setting forth proposed consideration of cash of \$18.60 per share and a fixed exchange ratio of 5.800x, which had an aggregate value as of the last trading day preceding delivery of the Strategic Transaction Committee's written counterproposal of \$66 per share, an asymmetrical collar that would protect the ACS stockholders against a decline in Xerox's common stock down to \$6.51 or 5% below its level on the date Xerox delivered its written proposal, a majority of the minority condition and effective fiduciary out provisions.

On September 9, 2009, J.P. Morgan and Blackstone contacted Evercore and Citi to reject the Strategic Transaction Committee's proposal and share with them Xerox's view that the parties' respective positions were too far apart to believe that continued discussions would result in mutually acceptable transaction terms. Access to due diligence materials was subsequently terminated by both parties.

On September 11, 2009, the Strategic Transaction Committee held a telephonic meeting with representatives of Evercore, Ropes & Gray and Cravath. Evercore opened the meeting by providing the Strategic Transaction Committee with an update on the recent discussions with Xerox, including Xerox's position that negotiations should cease. After discussion among the Strategic Transaction Committee members regarding Xerox's response, the merits of Xerox's most recent proposal and how the Strategic Transaction Committee might proceed, Mr. Deason, Mr. Blodgett and Mr. Robert Druskin joined the meeting. Mr. Deason informed the Strategic Transaction Committee of his willingness to accept Xerox's most recent proposal if the Strategic Transaction Committee was unable to negotiate more favorable terms in light of the consideration being offered by Xerox, ACS's long-term growth prospects as a stand-alone entity and the expected synergies and strategic fit with Xerox. Mr. Blodgett shared his views, which were consistent with those of Mr. Deason, with the Strategic Transaction Committee. Finally, Mr. Robert Druskin expressed his view to the Strategic Transaction Committee that if the Strategic Transaction Committee was unable to negotiate more favorable terms with Xerox they should not risk losing the current offer and should continue to pursue a transaction in accordance with Xerox's most recent proposal. Following additional discussion, Mr. Deason, Mr. Blodgett and Mr. Robert Druskin were excused from the meeting. After further discussion, the Strategic Transaction Committee instructed Evercore to contact J.P. Morgan and Blackstone to attempt to obtain a counterproposal from Xerox to the Strategic Transaction Committee's most recent proposal, and if necessary to do so, to request Xerox's best and final offer.

During the second week of September, Xerox's senior management had a number of discussions with, and provided updates with respect to the negotiation of the transaction to, members of Xerox's board of directors.

On September 15, 2009, J.P. Morgan and Blackstone delivered to Evercore a revised proposal from Xerox that they characterized as Xerox's best and final offer. The economic terms of the offer were a fixed Exchange Ratio at 4.935 Xerox shares for each ACS share and cash of \$18.60 per share. The best and final offer did not include a collar. The offer had an economic value at the time it was delivered of approximately \$65.48 per share of Class A common stock of ACS. Xerox's best and final offer also included a refusal by Xerox to agree to a majority of the minority approval condition in the merger agreement, although Xerox did agree to negotiate fiduciary out provisions in good faith.

Also on September 15, 2009, the Strategic Transaction Committee held a telephonic meeting with representatives of Evercore, Ropes & Gray and Cravath. Evercore provided an overview of the terms of Xerox's

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best and final offer. The Strategic Transaction Committee discussed the fact that although Xerox's best and final offer did not include a majority of the minority approval condition or a collar, the proposed transaction did offer substantial value to ACS's stockholders and that Xerox would negotiate in good faith the terms of fiduciary out provisions. The Strategic Transaction Committee also discussed the potential impact of the announcement of this deal on Xerox's stock price, particularly given the lack of a collar in Xerox's best and final offer. Following discussion, the Strategic Transaction Committee decided to continue negotiations with Xerox based on the terms of Xerox's best and final offer. Following the conclusion of the meeting, Evercore contacted J.P. Morgan and Blackstone and shared with them the Strategic Transaction Committee's willingness to proceed with a transaction on the terms contained in Xerox's best and final offer. The Strategic Transaction Committee also informed members of ACS management that it would be appropriate at this time for them to commence discussions with Xerox regarding changes to employment and change in control agreements that Xerox had indicated would be a condition to its willingness to proceed with a combination with ACS.

On September 18, 2009, the Strategic Transaction Committee held a telephonic meeting with representatives of Evercore, Ropes & Gray and Cravath. Ropes & Gray and Evercore provided the Strategic Transaction Committee with an update on negotiations with Xerox since the Strategic Transaction Committee's agreement to proceed on the basis of Xerox's best and final offer, including the status of negotiations on the fiduciary out provisions in the merger agreement and voting agreement and other deal protection provisions. The representatives of Ropes & Gray and Evercore also provided an update on the status of the ongoing diligence process. The Strategic Transaction Committee along with the representatives of Ropes & Gray and Evercore discussed the strategic rationale of the proposed transaction and the resulting value of Xerox's common stock.

Between September 18, 2009 and September 25, 2009, Ropes & Gray and Cravath continued to negotiate the fiduciary out provisions in the voting agreement with Simpson Thacher. Xerox ultimately agreed to proceed without the prohibition in the voting agreement against Mr. Deason voting in favor of any alternative transaction after a termination of the merger agreement and to require that only half of Mr. Deason's shares would be required to be voted in favor of the proposed Xerox transaction in the event that the ACS board changed its recommendation in favor of the Xerox transaction, with Mr. Deason free to vote the other half in any manner Mr. Deason chose in the event that the change in recommendation was precipitated by an unsolicited superior proposal for ACS. Ropes & Gray advised the Strategic Transaction Committee that this framework should provide sufficient flexibility for a topping bid to be made following execution of the merger agreement and announcement of the transaction, for the Strategic Transaction Committee to give serious consideration to a topping bid and for a topping bid to have a reasonable chance of consummation in the event the Strategic Transaction Committee and the board changed their recommendations in favor of the proposed transaction with Xerox.

On September 22, 2009, the finance committee of the Xerox board of directors held a special meeting in New York City to discuss the proposed transaction. In addition to all members of the finance committee, present for all or portions of the meeting were members of Xerox's senior management team and representatives from Blackstone, J.P. Morgan and Simpson Thacher. Members of Xerox's senior management team provided an update on results of their due diligence investigation of ACS and their final analysis of the cost and revenue synergies expected to result from a combination of Xerox and ACS. Representatives of Blackstone and J.P. Morgan presented a financial analysis of the proposed transaction and described the terms of the proposed financing for the transaction. Representatives from Simpson Thacher reviewed the terms of the draft merger agreement and voting agreement and provided the members of the committee with an update regarding the status of negotiations with Ropes & Gray, Cravath and Proskauer. The finance committee discussed the transaction and asked questions of Xerox's senior management and legal and financial advisors.

On September 23, 2009, ACS and Xerox met with each of Standard & Poor's Ratings Group (S&P) and Moody's Investors Service (Moody's) regarding the proposed merger. Subsequent to such meetings, Xerox received indications from each of S&P and Moody's that Xerox would retain its investment grade rating in connection with the merger.

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On September 24, 2009, members of the board of directors of ACS (other than Mr. Deason, who did not attend), as well as several representatives from Ropes & Gray and Cravath, met for dinner in Dallas, Texas. At the dinner, Mr. Lynn Blodgett discussed with those assembled management's view of the proposed combination with Xerox and the status of management's negotiations with Xerox.

The following day, the board of directors of ACS held a special meeting in Dallas, Texas. In addition to all members of the ACS board of directors (other than Mr. Deason, who was recused from the entirety of the meeting), present for all or portions of the meeting were members of ACS's senior management team and representatives from Citi, Evercore, Ropes & Gray and Cravath. Members of ACS's senior management team presented the final results of their due diligence investigation of Xerox and their final analysis of the synergies expected to result from a combination of Xerox and ACS. Representatives of Ropes & Gray presented the final results of its due diligence investigation of Xerox and provided the board with a summary of the then current terms of the merger agreement, voting agreement, Certificate of Amendment containing the terms of the Xerox convertible preferred stock that would be issued to the holder of ACS's outstanding Class B common stock and other relevant documents, as well as a summary of the key outstanding matters still being negotiated. Evercore presented, among other things, its financial analysis of the proposed transaction. At the conclusion of the board meeting, the Strategic Transaction Committee held a brief meeting separately, at which representatives of Evercore, Ropes & Gray and Cravath were present, to confirm whether there were any other matters that the members of the Strategic Transaction Committee wanted to discuss. Upon confirmation by all the members that there were none, the meeting was concluded.

Throughout the weekend of September 25th through September 27th, the parties and their respective financial and legal advisors, exchanged drafts of the transaction documents and continued to engage in discussions and negotiations regarding the terms of such documents, including the terms of the employment related agreements with ACS's executive officers.

On September 26, 2009, the board of directors of ACS held a special telephonic meeting. In addition to all members of the ACS board of directors (other than Mr. Deason, who was recused from the entirety of the meeting), present for all or portions of the meeting were members of ACS's senior management team and representatives from Citi, Evercore, Ropes & Gray and Cravath. Representatives of Ropes & Gray and Cravath provided the board members with an update on recent negotiations of the documentation for the proposed transaction with Simpson Thacher. Representatives from Citi presented a financial analysis of the proposed Xerox transaction and delivered Citi's oral opinion that the proposed Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). Representatives from Evercore provided an updated financial analysis of the proposed Xerox transaction and confirmed that Evercore was prepared to deliver an opinion, addressed to the Strategic Transaction Committee, that the Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock) entitled to receive such Class A merger consideration.

During the afternoon of September 27, 2009, the board of directors of ACS held a special telephonic meeting. In addition to all members of the ACS board of directors (other than Mr. Deason, who was recused from the entirety of the meeting), present for all or portions of the meeting were members of ACS's senior management team and representatives from Citi, Evercore, Ropes & Gray and Cravath. Ropes & Gray and Cravath provided the board members with an update regarding the current status of negotiations with Simpson Thacher, as well as negotiations between Mr. Deason and Xerox regarding the terms of the Xerox convertible preferred stock he would receive in the transaction. Mr. Blodgett updated the board regarding negotiations between members of management and Xerox regarding changes to their employment and change of control arrangements being required by Xerox. Additionally, representatives from Citi orally reconfirmed Citi's opinion that the proposed Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). Representatives from Evercore reconfirmed that Evercore was prepared to deliver an opinion,

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addressed to the Strategic Transaction Committee, that the Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock) entitled to receive such Class A merger consideration. The board of directors scheduled another meeting for the evening of September 27, 2009.

The board of directors of Xerox held a special meeting in Norwalk, Connecticut during the evening of September 27, 2009. In addition to all members of the Xerox board of directors, present for portions of the meeting were members of Xerox's senior management team and representatives from Blackstone, J.P. Morgan and Simpson Thacher. Members of Xerox's senior management team discussed the strategic rationale for the proposed transaction. In addition, members of Xerox's senior management team and Xerox's advisors discussed specific business issues and risks that the proposed transaction could present and steps that could be taken to manage those risks. Representatives of Blackstone and J.P. Morgan presented a financial analysis of the proposed transaction and described the terms of the proposed financing for the transaction. Representatives from Simpson Thacher reviewed with Xerox's board its fiduciary duties under New York law in relation to the proposed transaction, and reviewed the terms of the proposed merger agreement and voting agreement. In addition, Xerox's advisors and members of management reviewed the terms of the changes to the employment and change of control agreements with senior management and the agreements with Mr. Deason, including the terms of the Xerox convertible preferred stock Mr. Deason would receive in the transaction and the estimated value thereof. Representatives from Blackstone and J.P. Morgan each delivered their oral opinion (each subsequently confirmed in writing) to the effect that the aggregate consideration to be paid by Xerox in the merger was fair, from a financial point of view, to Xerox. The management participants and advisors then left the meeting and the directors met in executive session. Following the discussion in executive session, the Xerox board of directors unanimously adopted resolutions that, among other things, (a) declared the proposed transaction advisable and in the best interests of Xerox and its stockholders, (b) approved the merger agreement, voting agreement, the agreements with Mr. Deason and the changes to the employment and change of control agreements with ACS's senior management and (c) recommended the approval of the issuance of the shares of Xerox common stock required to be issued pursuant to the merger agreement by Xerox.

The board of directors of ACS held a special telephonic meeting during the evening of September 27, 2009. In addition to all members of the ACS board of directors (other than Mr. Deason, who was recused from the entirety of the meeting), present for all or portions of the meeting were members of ACS's senior management team and representatives from Citi, Evercore, Ropes & Gray and Cravath. Ropes & Gray and Cravath provided the board members with an update regarding the final negotiations with Simpson Thacher, as well as final negotiations between Mr. Deason and Xerox regarding the terms of the Xerox convertible preferred stock Mr. Deason would receive in the transaction and negotiations between Xerox and J.P. Morgan regarding the contents of the J.P. Morgan commitment letter. Additionally, representatives from Citi reconfirmed its opinion that the proposed Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates) Representatives from Evercore delivered an oral opinion (subsequently confirmed in writing) to the members of the Strategic Transaction Committee that the Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock) entitled to receive such Class A merger consideration. At that point, the board meeting was adjourned, and a meeting of the Strategic Transaction Committee was convened to consider the proposed transaction with Xerox. The Strategic Transaction Committee unanimously adopted a resolution that, among other things, recommended that the board of directors (a) accept the proposed transaction as being advisable and in the best interests of ACS and the holders of Class A common stock of ACS, (b) approve the merger agreement and voting agreement and (c) recommend adoption and approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement by the stockholders of ACS. The Strategic Transaction Committee meeting was then adjourned and the previously adjourned meeting of the ACS board of directors reconvened. The ACS board of directors (other than Mr. Deason who was recused from the entirety of the meeting) unanimously adopted a resolution that, among other things, (a) declared the proposed transaction advisable and in the best interests of ACS and the holders of common stock of ACS, (b) approved the

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merger agreement and voting agreement and (c) recommended the adoption and approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement by the stockholders of ACS. At the time of board approval, the implied value of the proposed transaction was \$63.11 per share of Class A common stock of ACS, based on the closing price of Xerox common stock as of Friday, September 25, 2009.

Following the unanimous approval of the proposed transaction by both the boards of directors of Xerox and ACS (with Mr. Deason recused from the meeting), Simpson Thacher, J.P. Morgan (in its capacity as a financing source for Xerox), Cahill Gordon & Reindel LLP, counsel to J.P. Morgan in such capacity, Ropes & Gray, Proskauer, Cravath and members of management of each of Xerox and ACS finalized the documentation for the proposed transaction and, thereafter, all applicable documents were executed and delivered and the transaction was announced via a joint press release on September 28, 2009.

Recommendation of the ACS Board of Directors; ACS's Reasons for the Merger

The ACS board of directors and the Strategic Transaction Committee believe that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of ACS and its stockholders. Accordingly, the ACS board of directors (other than Mr. Deason, who was recused from the meeting), acting upon the unanimous recommendation of the Strategic Transaction Committee, has approved the merger agreement and the transactions contemplated thereby, and unanimously recommends that ACS stockholders vote FOR adoption of the merger agreement and the transactions contemplated thereby, including the merger.

As described above under Background of the Merger, the ACS board of directors, prior to and in reaching its decision at its meeting on September 27, 2009 to approve the merger agreement and the transactions contemplated thereby, consulted with ACS's management and both ACS's and the Strategic Transaction Committee's financial and legal advisors and considered a variety of factors weighing positively in favor of the merger, including, but not limited to, the following:

the strategic and transformative nature of the transaction, which will combine ACS's and Xerox's respective businesses to create a new type of company which will be one of the leading global enterprises for document and business process management, with pro forma combined revenues of over \$22 billion;

the value to be received by holders of ACS common stock in the merger, including the fact that, based on the closing price of ACS common stock and Xerox common stock on September 25, 2009 (the last trading day before the announcement of the signing of the merger agreement), the merger consideration to be received by ACS's Class A stockholders represented a premium of approximately 33.6% over the closing price of ACS Class A common stock on September 25, 2009 and 37.9% over the average closing price of ACS Class A common stock for the 30 trading days ending September 25, 2009;

the fact that the approximately 30% cash / 70% stock split in the merger consideration to be paid to ACS's Class A stockholders affords ACS stockholders both the opportunity to participate in the growth and opportunities of the combined company through the stock component and to receive some cash for the value of their shares through the cash component;

the fact that ACS stockholders as a group would own approximately 36.3% of the outstanding Xerox common stock immediately following the merger and would no longer be part of a public company in which Mr. Deason or any other stockholder owned a substantial voting stake;

because the stock portion of the merger consideration is a fixed number of shares of Xerox common stock, the opportunity for the ACS stockholders to benefit from any increase in the trading price of Xerox common stock between the announcement of the merger and the completion of the merger;

the fact that the entry into the merger agreement and Xerox's implied valuation creates a floor for any bids by other potential acquirors of ACS going forward;

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the ACS board of directors' consideration of Evercore's analysis of premiums paid in prior transactions involving companies with dual classes of common stock and that in arriving at its opinion as to the fairness, from a financial point of view, of the Class A merger consideration to the holders of the Class A common stock (other than such holders who also hold ACS Class B common stock), Evercore took into account, among other things, the incremental consideration being paid to the holders of ACS Class B common stock;

the ACS board of directors' consideration of the impact on ACS's Class A stockholders of the incremental consideration paid to ACS's Class B stockholders, including the economic dilution to ACS's Class A stockholders from the incremental consideration paid to ACS's Class B stockholders, and that in the view of the board of directors, the benefits to ACS's Class A stockholders of the proposed transaction with Xerox outweighed the impact of such dilution on ACS's Class A stockholders;

the ACS board of directors' analysis of (i) proposed transactions involving ACS over the previous four years and (ii) other strategic alternatives for ACS, including continued growth as an independent company and the potential to acquire, be acquired or combine with third parties;

the advantages that the combined entity will have over ACS as a standalone company, especially in the current uncertain economic environment, and the opportunity for ACS to use Xerox's business structure and expertise as a platform to scale its business globally by leveraging Xerox's brand strength, global account management, deep sales relationships with governments and large enterprises and by applying Xerox's intellectual property in document solutions to its business process outsourcing offerings and thereby achieving significant incremental revenue growth;

the belief that the terms of the merger agreement, taken as a whole, provide a significant degree of certainty that the merger will be completed, including the facts that (i) the conditions required to be satisfied prior to completion of the merger, such as the receipt of both ACS's and Xerox's stockholder approvals and antitrust clearance, are expected to be fulfilled, (ii) there are limited conditions to be met for Xerox to obtain financing to fund the cash portion of the merger consideration and the Xerox's obligations to use significant efforts to obtain the proceeds of the financing on the terms and conditions described in the commitment letter received by Xerox from J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. and (iii) there are limited circumstances in which the Xerox board of directors may terminate the merger agreement or change or modify its recommendation that its stockholders approve the issuance of Xerox common stock in connection with the merger;

the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants and the conditions to their respective obligations, are reasonable;

the fact that the terms of the merger agreement provide that, under certain circumstances, and subject to certain conditions more fully described in the section entitled "The Merger Agreement - Covenants and Agreements - No Solicitation" beginning on page 141, ACS is permitted to furnish information to and conduct negotiations with a third party in connection with an unsolicited proposal for a business combination or acquisition of ACS that constitutes or could reasonably be expected to lead to a superior proposal (as defined in the merger agreement) and that the ACS board of directors may change its recommendation that its stockholders adopt the merger agreement in certain circumstances;

the fact that a vote of ACS's stockholders on the merger is required under Delaware law, and that stockholders who do not vote in favor of the adoption of the merger agreement will have the right to demand appraisal of the fair value of their shares under Delaware law;

the fact that, in the event of a superior proposal or an intervening event (as defined in the merger agreement), the ACS board of directors could change its recommendation and the percentage of Mr. Deason's shares that he would be required to vote in favor of adoption of the merger agreement would be reduced to 21.8% of the total voting power of the outstanding shares of ACS common

stock;

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the fact that upon the termination of the merger agreement under specified circumstances, including a change in the recommendation of the Xerox board of directors, Xerox will owe ACS a cash termination fee of \$235 million; upon the termination of the merger agreement due to Xerox's failure to obtain the required stockholder approval at the Xerox stockholders' meeting, Xerox will owe ACS a cash termination fee of \$65 million; and Xerox is also obligated to pay a cash termination fee of \$323 million if the merger agreement is terminated because the merger is not completed by June 27, 2010 and on such date, all closing conditions except the financing condition are satisfied; each as more fully described in the section entitled "The Merger Agreement - Termination Fees" beginning on page 152;

the expected qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code, which generally allows ACS stockholders to defer the recognition of any gain from the receipt of the share portion of the merger consideration, as described in the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 125;

the anticipated cost savings and operating synergies available to the combined company from the merger through consolidation and integration of certain functions and the adoption of best practices from both Xerox and ACS across the combined company, which is expected to positively enhance the combined company's earnings and create value for the combined company's stockholders;

the financial presentation of Citi and its written opinion, dated September 27, 2009, to the effect that, as of such date and based on and subject to the matters described in the opinion, the Class A merger consideration was fair, from a financial point of view, to holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). The full text of the written opinion of Citi, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex C hereto and is incorporated herein by reference in its entirety. A discussion of the presentation and opinion of Citi appears in the section below entitled "Opinion of Financial Advisor to ACS"; and

the financial presentation of Evercore and its written opinion addressed to the Strategic Transaction Committee, dated September 27, 2009, to the effect that, as of such date and based upon and subject to the factors, limitations, and assumptions set forth in the opinion, the Class A merger consideration was fair, from a financial point of view, to holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock) entitled to receive such Class A merger consideration. The Strategic Transaction Committee also considered that, in arriving at its opinion, Evercore took into account, among other things, the additional merger consideration to be received by the holders of ACS Class B common stock in the merger. The full text of the written opinion of Evercore, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex D hereto and is incorporated herein by reference in its entirety. A discussion of the presentation and opinion of Evercore appears in the section below entitled "Opinion of Financial Advisor to the Strategic Transaction Committee."

In addition to these factors, the ACS board of directors also considered the potential adverse impact of other factors weighing negatively against the merger, including, without limitation, the following:

because the stock portion of the merger consideration is a fixed number of shares of Xerox common stock, the ACS stockholders could be adversely affected by a decrease in the trading price of Xerox common stock after the date of execution of the merger agreement, and the merger agreement does not provide ACS with a price-based termination right or other similar protection for ACS or its stockholders, such as a "collar" with respect to Xerox's stock price;

the fact that the merger might not be completed in a timely manner or at all, due to a failure of certain conditions, including in particular (i) the financing condition and the difficulty Xerox would have completing the merger if the financing outlined in the commitment letter received by Xerox from J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A. was not disbursed and (ii) the approval by Xerox's stockholders of the issuance of Xerox common stock in connection with the merger;

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the risks and costs to ACS if the merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential adverse effect on ACS's customer and other commercial relationships;

the fact that some of ACS's directors and executive officers may have interests in the merger that are different from, or in addition to, those of ACS's stockholders generally, including (i) the premium to be paid on the shares of ACS Class B common stock which are owned entirely by Mr. Deason and (ii) those interests that are a result of employment and compensation arrangements with Mr. Deason and ACS's executive officers and the manner in which they would be affected by the merger, as described more fully in the section entitled "Interests of ACS's Directors and Executive Officers in the Transaction" beginning on page 117;

the restrictions on ACS's ability to solicit or participate in discussions or negotiations regarding alternative business combination transactions, subject to specified exceptions, and the requirement that ACS pay a \$194 million termination fee in certain circumstances specified in the merger agreement, which the ACS board of directors understood, while potentially having the effect of discouraging third parties from proposing a competing business combination transaction, were conditions to Xerox's willingness to enter into the merger agreement and were reasonable in light of, among other things, the benefits of the merger to ACS's stockholders;

the requirement that ACS submit the merger agreement to its stockholders even if the ACS board of directors changes its recommendation;

the restrictions on the conduct of ACS's business prior to the completion of the merger, which may delay or prevent ACS from undertaking business opportunities that may arise during the term of the merger agreement, whether or not the merger is completed;

the fact that the receipt of the cash portion of the merger consideration will be taxable to ACS's stockholders for U.S. federal income tax purposes;

the challenges of combining the businesses, operations and workforces of Xerox and ACS and realizing the anticipated cost savings and operating synergies;

the fact that Xerox will incur indebtedness of approximately \$3.5 billion in connection with the merger, which debt may adversely impact Xerox's operations following the merger;

the risks that the financial results and the stock price of the combined company might decline, including the possible adverse effects on the stock price and financial results of the combined company if the benefits and synergies expected of the merger are not obtained on a timely basis or at all; and

the risks described in the section entitled "Risk Factors" beginning on page 26.

The foregoing discussion of the factors considered by the ACS board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the ACS board of directors. In reaching its decision to declare the merger agreement advisable and that the merger is in the best interests of ACS and ACS's stockholders, and, in approving the merger agreement, the merger and the other transactions contemplated by the merger agreement, the ACS board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The ACS board of directors considered all these factors as a whole, including discussions with, and questioning of, ACS's management and both ACS's and the Strategic Transaction Committee's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its decision.

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For the reasons set forth above, the ACS board of directors (other than Mr. Deason, who was recused from the meeting), acting upon the unanimous recommendation of the Strategic Transaction Committee, unanimously declared the merger agreement advisable and determined that the merger is in the best interests of ACS and its stockholders, unanimously approved (other than Mr. Deason, who was recused from the meeting) the merger

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agreement, the merger and the other transactions contemplated by the merger agreement and unanimously recommended (other than Mr. Deason, who was recused from the meeting) that ACS's stockholders adopt the merger agreement.

This explanation of ACS's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under "Special Note Concerning Forward-Looking Statements" beginning on page 49.

Opinion of Financial Advisor to ACS

Citi was retained to act as financial advisor to ACS in connection with the merger. In connection with this engagement, ACS requested Citi to evaluate the fairness, from a financial point of view, of the Class A merger consideration to be received in the merger by holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates). On September 26, 2009, at a meeting of the ACS board of directors, Citi rendered to the ACS board of directors an oral opinion, which was reaffirmed orally at two subsequent meetings of the ACS board of directors on September 27, 2009 and confirmed by delivery of a written opinion dated September 27, 2009, to the effect that, as of that date and based on and subject to the matters described in its opinion, the Class A merger consideration was fair, from a financial point of view, to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates).

The full text of Citi's written opinion, dated September 27, 2009, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached to this joint proxy statement/prospectus as Annex C and is incorporated by reference in its entirety into this joint proxy statement/prospectus. You are urged to read the opinion in its entirety. Citi's opinion was provided to the ACS board of directors in connection with its evaluation of the Class A merger consideration from a financial point of view. Citi's opinion does not address any other aspects or implications of the merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed merger. Citi's opinion does not address the relative merits of the merger as compared to any alternative business strategies that might exist for ACS or the underlying business decision of ACS to effect the merger. The following is a summary of Citi's opinion and the methodology that Citi used to render its opinion.

In arriving at its opinion, Citi, among other things:

reviewed the merger agreement and the voting agreement;

held discussions with certain senior officers, directors and other representatives and advisors of ACS and certain senior officers and other representatives and advisors of Xerox concerning the businesses, operations and prospects of ACS and Xerox;

examined certain publicly available business and financial information relating to ACS and Xerox;

examined certain financial forecasts and other information and data relating to ACS and Xerox which were provided to or otherwise discussed with Citi by the respective managements of ACS and Xerox, including information relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the managements of ACS and Xerox to result from the merger;

reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things, current and historical market prices and trading volumes of ACS Class A common stock and Xerox common stock, the historical and projected earnings and other operating data of ACS and Xerox and the capitalization and financial condition of ACS and Xerox;

considered, to the extent publicly available, the financial terms of certain other transactions which Citi considered relevant in evaluating the merger;

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analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citi considered relevant in evaluating those of ACS and Xerox;

evaluated certain potential pro forma financial effects of the merger on Xerox; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

In rendering its opinion, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the managements of ACS and Xerox that they were not aware of any relevant information that was omitted or that remained undisclosed to Citi. With respect to financial forecasts and other information and data relating to ACS and Xerox provided to or otherwise reviewed by or discussed with Citi, Citi was advised by the respective managements of ACS and Xerox that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of ACS and Xerox as to the future financial performance of ACS and Xerox, the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated to result from the merger and the other matters covered thereby.

Citi assumed, with ACS's consent, that the merger would be completed in accordance with the terms of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement, including, among other things, that Xerox would obtain financing for the merger in accordance with the terms set forth in the Commitment Letter (as defined in the merger agreement), and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on ACS, Xerox or the contemplated benefits of the merger. Citi also assumed, with ACS's consent, that the merger would be treated as a tax free reorganization for U.S. federal income tax purposes. Citi expressed no opinion as to what the value of Xerox common stock or Xerox convertible preferred stock (issuable as part of the Class B merger consideration) actually would be when issued pursuant to the merger or the price at which ACS Class A common stock or Xerox common stock would trade at any time subsequent to the announcement of the merger.

Citi did not make, and it was not provided with, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of ACS or Xerox, and Citi did not make any physical inspection of the properties or assets of ACS or Xerox. Citi's opinion does not address ACS's underlying business decision to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for ACS or the effect of any other transaction in which ACS might engage. Citi expressed no view as to, and its opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the Class A merger consideration. Further, ACS did not ask Citi to comment on, Citi expressed no view as to, and Citi's opinion does not address, the fairness from a financial point of view to holders of ACS Class B common stock of the Class B merger consideration to be received in the merger by holders of ACS Class B common stock or the fairness to the holders of ACS Class A common stock (other than those holders who are also holders of ACS Class B common stock and their affiliates) of the payment of the Class B merger consideration by Xerox or Merger Sub in connection with the merger to, or any arrangements entered into by Xerox or Merger Sub, including, without limitation, the voting agreement, in connection with the merger with, the holders of ACS Class B common stock or their affiliates. Citi's opinion was necessarily based upon information available to Citi, and financial, stock market and other conditions and circumstances existing, as of the date of its opinion.

In preparing its opinion, Citi performed a variety of financial and comparative analyses, including those described below. The summary of these analyses is not a complete description of the analyses underlying Citi's opinion. The preparation of a financial opinion is a complex analytical process involving various determinations

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as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. Citi arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion. Accordingly, Citi believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion. Results of analyses where the merger consideration is lower in some instances than the implied ratios or values should be evaluated in combination with those instances in which the merger consideration is greater than the implied ratios or values.

In its analyses, Citi considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of ACS and Xerox. No company, business or transaction used in those analyses as a comparison is identical or directly comparable to ACS, Xerox or the merger, and an evaluation of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed.

The estimates contained in Citi's analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Citi's analyses are inherently subject to substantial uncertainty.

The type and amount of consideration payable in the merger was determined through negotiations between ACS, Xerox and, with respect to the Class B merger consideration, Mr. Deason, and the decision to enter into the merger was solely that of the ACS board of directors. Citi's opinion was only one of many factors considered by the ACS board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the ACS board of directors or ACS management with respect to the merger or the merger consideration.

The following is a summary of the material financial analyses presented to the ACS board of directors in connection with the delivery of Citi's opinion. The financial analyses summarized below include information presented in tabular format. In order to fully understand Citi's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Citi's financial analyses.

Table of Contents**Stock Trading History and Implied Premiums**

Citi calculated the implied deal value of the Class A merger consideration by multiplying the closing price of Xerox common stock on September 25, 2009 (\$9.02) by the exchange ratio of 4.935 and adding the per share cash consideration of \$18.60. Citi considered the result of this calculation (\$63.11) and calculated the implied premiums represented relative to the closing prices of ACS Class A common stock and Xerox common stock on September 25, 2009 and the average closing stock prices of ACS Class A common stock and Xerox common stock for the 10-day, 30-day, 90-day, 180-day, one-year and two-year periods ended September 25, 2009. The results of this analysis are set forth below:

Prices / Periods	Implied Premium
Prices on September 25, 2009	33.6%
10-Day Averages as of September 25, 2009	37.9%
30-Day Averages as of September 25, 2009	37.9%
90-Day Averages as of September 25, 2009	28.6%
180-Day Averages as of September 25, 2009	17.0%
One-Year Averages as of September 25, 2009	19.7%
Two-Year Averages as of September 25, 2009	53.9%

Selected Precedent Transactions Analysis. Citi reviewed and compared premiums paid in selected precedent transactions, not including those deemed to be hostile.

In analyzing 110 selected global technology transactions with deal values over \$1 billion occurring between 2002 and 2009, Citi found the median one-day and one-week transaction premiums paid in each year to be as follows:

	2002	2003	2004	2005	2006	2007	2008	2009 YTD	02	09 YTD
One-day	29.7%	16.2%	27.3%	18.5%	18.0%	26.4%	24.7%	48.6%		25.6%
One-week	23.3%	26.0%	29.1%	25.8%	21.6%	26.7%	27.8%	43.3%		26.4%

In analyzing 615 selected acquisitions of U.S. companies with deal values over \$1 billion (excluding financial services and REIT transactions) occurring between 2002 and 2009, Citi found the median one-day and one-week transaction premiums paid in each year to be as follows:

	2002	2003	2004	2005	2006	2007	2008	2009 YTD	02	09 YTD
One-day	31.1%	21.8%	21.5%	19.2%	20.6%	21.8%	28.7%	30.4%		21.8%
One-week	28.1%	23.7%	23.3%	22.8%	22.2%	23.3%	28.0%	33.3%		23.5%

Citi noted that the implied one-day and one-week (based on the average closing stock prices of ACS Class A common stock and Xerox common stock for the 5-day period ended September 25, 2009) premiums of the Class A merger consideration relative to the closing price of ACS Class A common stock on September 25, 2009 were 33.6% and 36.6%, respectively, and that these premiums were above the median one-day and one-week premiums for both the selected global technology transactions and selected U.S. acquisitions both (i) over the total period between 2002 and 2009 and (ii) in each individual year between 2002 and 2009, with the exception of global technology transactions in 2009.

Trading Multiples Analysis

Using the closing prices of ACS Class A common stock and Xerox common stock on September 25, 2009 and public filings and financial projections by the managements of ACS and Xerox, Citi calculated and analyzed various trading multiples for ACS and Xerox. First, Citi calculated and analyzed each company's ratio of its firm value (calculated as equity value plus straight debt, minority interest, straight preferred stock and out-of-the-money convertibles, less cash and long term investments) to its EBIT (calculated as earnings before interest and taxes) as estimated for calendar years 2009 and 2010. In addition, Citi calculated and analyzed each

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company's ratio of its current stock price to its earnings per share (EPS) as estimated for calendar years 2009 and 2010. Citi also calculated and analyzed each company's ratio of its equity value (calculated as fully diluted shares outstanding multiplied by the current stock price less any option proceeds using the treasury stock method) to its free cash flow (FCF, calculated as operating cash flow less capital expenditures, acquired software and addition to intangibles) as estimated for calendar years 2009 and 2010. Citi also calculated these multiples for ACS based on the implied deal value as of September 25, 2009 of \$63.11. The results of this analysis are set forth below:

	Trading Multiples Using Closing Prices on September 25, 2009		
	The Company	Implied Deal Value	Xerox
Firm Value /			
EBIT CY 2009 (estimated)	8.8x	11.4x	15.1x
EBIT CY 2010 (estimated)	7.9x	10.1x	12.2x
Stock Price /			
EPS CY 2009 (estimated)	12.1x	16.2x	17.5x
EPS CY 2010 (estimated)	10.7x	14.3x	12.1x
Equity Value /			
FCF CY 2009 (estimated)	10.2x	14.1x	7.0x
FCF CY 2010 (estimated)	9.0x	12.5x	6.7x

Valuation Analyses of ACS

Citi analyzed the value of ACS Class A common stock utilizing four different methodologies: a review of ACS's historical trading prices, a comparable companies analysis, a comparable transaction analysis and two discounted cash flow analyses, one using the management plan and the other using a historical average organic growth model. The results of Citi's valuation analyses of ACS are set forth below.

Historical Trading Range. Citi observed that during the 52-week period ended September 25, 2009, ACS Class A common stock traded in a range of \$35.72 to \$52.19 per share, the average per share price of ACS Class A common stock was \$44.97 and the closing price per share of ACS Class A common stock on September 25, 2009 was \$47.25. Citi noted that the implied deal value of the Class A merger consideration, using both the per share price of Xerox common stock on September 25, 2009 and the 10-day average price of Xerox common stock as of September 25, 2009, was above the 52-week trading range of ACS Class A common stock.

52-Week Trading Range of the				Implied Deal Value Using	
Company's Class A Common Stock				Recent Xerox Trading Prices	
Low	Average	9/25/09	High	As of 9/25/09	10-Day Average
\$35.72	\$44.97	\$47.25	\$52.19	\$63.11	\$64.79

Selected Public Company Trading Multiples. Citi reviewed financial and stock market information and public market trading multiples of ACS and the following nine selected publicly held IT services companies:

Accenture Ltd.

Atos Origin SA

Capgemini SA

CGI Group, Inc.

Computer Sciences Corp.

Convergys Corp.

Hewitt Associates, Inc.

Perot Systems Corp.

TeleTech

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As part of its selected comparable company analysis, Citi calculated and analyzed each selected company's ratio of its firm value to its EBITDA (calculated as earnings before interest, taxes, depreciation and amortization) and to its EBIT, each as estimated for calendar years 2009 and 2010. In addition, Citi calculated and analyzed each selected company's ratio of its current stock price to its earnings per share as estimated for calendar years 2009 and 2010. Citi also calculated and analyzed each selected company's ratio of its equity value to its free cash flow as estimated for calendar years 2009 and 2010. Based on these comparable company metrics analyzed by Citi, Citi selected a multiple range for ACS for each of the metrics and calculated valuation ranges for ACS based on the selected multiple ranges. Estimated financial data of the selected companies was based on research analysts' estimates, public filings and other publicly available information (financial data for Perot Systems Corp. was shown unaffected as of September 18, 2009, the last trading day before the announcement of its acquisition by Dell Inc.). Estimated financial data of ACS was based on internal estimates of ACS's management. The results of this selected publicly traded comparable companies analysis are summarized below:

	Comparable Company Multiple Range		Selected Multiple Range		Valuation Range	
	Low	High	Low	High	Low	High
Firm Value /						
EBITDA CY 2009 (estimated)	4.3x	7.2x	5.0x	6.5x	\$ 40.87	\$ 56.53
EBITDA CY 2010 (estimated)	4.1x	7.1x	4.5x	6.5x	\$ 40.96	\$ 63.74
Firm Value /						
EBIT CY 2009 (estimated)	7.8x	13.1x	7.5x	9.5x	\$ 37.79	\$ 51.55
EBIT CY 2010 (estimated)	7.3x	10.2x	7.0x	9.0x	\$ 40.39	\$ 55.30
Stock Price /						
EPS CY 2009 (estimated)	9.8x	18.3x	11.5x	14.0x	\$ 44.79	\$ 54.53
EPS CY 2010 (estimated)	8.9x	17.1x	10.0x	12.5x	\$ 44.04	\$ 55.05
Equity Value /						
FCF CY 2009 (estimated)	6.9x	19.1x	10.0x	13.0x	\$ 46.52	\$ 58.65
FCF CY 2010 (estimated)	8.1x	20.0x	9.0x	11.0x	\$ 47.29	\$ 56.37

Based on this analysis, Citi selected the following per share equity reference range for ACS Class A common stock, shown as compared to the per share Class A merger consideration based on (i) the closing prices of ACS Class A common stock and Xerox common stock on September 25, 2009 and (ii) the average closing prices of ACS Class A common stock and Xerox common stock in the 10-day period ending September 25, 2009:

Selected Per Share Equity Reference Range		Per Share Class A Merger Consideration	
for the Company's Class A Common Stock		As of 9/25/09	10-Day Average
\$43.00	\$56.00	\$ 63.11	\$ 64.79

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Precedent Transaction Multiples. Citi reviewed publicly available information for 21 selected transactions, and reviewed financial information from ACS management for certain of these transactions, announced since July 19, 2001 involving the acquisition of IT services and business process outsourcing (BPO) companies that it deemed appropriate in analyzing the merger. The precedent transactions considered by Citi were the following:

Announcement Date	Acquiror	Target
1988-YTD 09	ACS	All ACS Transactions
09/21/2009	Dell Inc.	Perot Systems Corporation
06/28/2009	Watson Wyatt Worldwide	Towers Perrin Forster & Crosby
10/08/2008	Tata Consultancy Services	Citigroup Global Services Limited
09/26/2008	HCL Technologies	Axon Group plc
05/13/2008	HP	EDS
12/21/2007	KKR	Northgate plc
07/30/2007	Steria SA	Xansa
05/11/2007	Providence Equity Partners	USIS
05/02/2007	Northgate plc	Arinso plc
02/26/2007	HOV Services	LASON Inc.
05/31/2006	TH Lee Partners / Quadrangle Group	West Corp.
05/16/2006	One Equity Partners / Management	NCO Group
03/08/2006	Apollo Management, L.P.	SOURCECORP
02/08/2006	GTCR / Solera	ADP (Claims Services Business)
03/28/2005	Investor Group	SunGard
03/16/2005	ACS	Mellon HR Services
12/16/2004	Serco Group plc	ITNet plc
03/10/2004	CGI Group	American Management Systems
05/16/2002	ACS	AFSA Data Corp.
07/19/2001	ACS	IMS Corporation

As part of its selected comparable transaction analysis, Citi calculated and analyzed each target company's ratio of its firm value to its revenue, its EBITDA and its EBIT, each as measured for the last twelve months (LTM) prior to the announcement of the transaction. Citi also calculated and analyzed each target company's ratio of its stock price to its estimated earnings per share for the next twelve months (NTM) following the announcement of the transaction, where available. Based on these comparable transaction metrics analyzed by Citi, Citi selected a multiple range for ACS for each of the metrics and calculated valuation ranges for ACS based on the selected multiple ranges. Financial data of the selected companies was based on public filings and other publicly available information, except for certain ACS non-public transactions with respect to which financial data was based on information received from ACS's management. Estimated financial data of ACS was based on internal estimates of ACS's management. The results of this selected comparable transaction analysis are summarized below:

	Precedent Transaction Multiple Range		Selected Multiple Range		Valuation Range	
	Low	High	Low	High	Low	High
Firm Value /						
LTM Revenue	0.6x	3.1x	1.1x	1.4x	\$ 55.66	\$ 72.83
LTM EBITDA	4.7x	17.4x	6.5x	9.5x	\$ 55.22	\$ 84.09
LTM EBIT	6.1x	21.2x	8.5x	14.0x	\$ 44.61	\$ 78.85
Stock Price /						
NTM Earnings Per Share	12.4x	29.4x	16.0x	20.0x	\$ 64.74	\$ 80.92

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Based on this analysis, Citi selected the following per share equity reference range for ACS Class A common stock, shown as compared to the per share Class A merger consideration based on (i) the closing prices of ACS Class A common stock and Xerox common stock on September 25, 2009 and (ii) the average closing prices of ACS Class A common stock and Xerox common stock in the 10-day period ending September 25, 2009:

Selected Per Share Equity Reference Range		Per Share Class A Merger Consideration	
for the Company's Class A Common Stock		As of 9/25/09	10-Day Average
\$56.00	\$78.00	\$ 63.11	\$ 64.79

Discounted Cash Flow Analysis. Citi performed two discounted cash flow analyses to calculate the estimated present value of the standalone unlevered, after-tax free cash flow that ACS could generate for calendar year 2009 through calendar year 2014. One analysis was based on ACS's public filings and internal estimates provided by ACS's management. The second analysis was based on the estimates provided by ACS's management in calendar years 2009 and 2010 and assumed (i) a growth rate of 4.6% in years 2011 through 2014 based on the average of fiscal year 2007 through fiscal year 2009 organic growth rate (excluding divestitures) and (ii) that the 2010 EBIT margin of 10.8% remains constant in years 2011 through 2014. Estimated terminal values for ACS were calculated by applying a range of EBITDA terminal value multiples of 5.0x to 6.5x to ACS's calendar year 2014 estimated EBITDA. The cash flows and terminal values were then discounted to present value using discount rates ranging from 8.5% to 10.0%. Based on this analysis, Citi calculated the following implied per share equity reference ranges for ACS Class A common stock, shown as compared to the per share Class A merger consideration based on (i) the closing prices of ACS Class A common stock and Xerox common stock on September 25, 2009 and (ii) the average closing prices of ACS Class A common stock and Xerox common stock in the 10-day period ending September 25, 2009:

Implied Per Share Equity Reference Ranges				Per Share Class A Merger Consideration	
for the Company's Class A Common Stock		Historical Organic Growth		As of 9/25/09	10-Day Average
Management Plan	Historical Organic Growth	As of 9/25/09	10-Day Average	As of 9/25/09	10-Day Average
\$65.59	\$85.09	\$57.21	\$74.10	\$ 63.11	\$ 64.79

Valuation Analyses of Xerox and the Class A Merger Consideration

Citi analyzed the value of Xerox common stock utilizing four different methodologies: a review of Xerox's historical trading prices, a review of research analyst price targets, a comparable companies analysis and a discounted cash flow analysis. The results of Citi's valuation analyses of Xerox are set forth below.

Historical Trading Range. Citi reviewed the daily closing prices per share of Xerox common stock to derive a 52-week trading range for Xerox for the period ended September 25, 2009 (the last trading day prior to announcement of the merger agreement). Citi observed that the 52-week trading range for Xerox common stock for such period was \$4.12 to \$12.40 per share.

Research Analyst Price Targets. Citi reviewed the reports of nine research analysts found in publicly available equity research on Xerox. Of the nine analyst reports, seven had published price targets. The analysis indicated an analyst target reference range for the value of Xerox common stock of \$7.00 to \$12.00 per share.

Selected Public Company Trading Multiples. Citi reviewed financial and stock market information and public market trading multiples of Xerox and the following five selected U.S. and European imaging and business hardware companies:

Dell Inc.

Hewlett-Packard Co.

Lexmark International Inc.

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Oce N.V.

Pitney Bowes Inc.

As part of its selected comparable company analysis, Citi calculated and analyzed each selected company's ratio of its equity value to its free cash flow as estimated for calendar years 2009 and 2010. In addition, Citi calculated and analyzed each selected company's ratio of its current stock price to its earnings per share as estimated for calendar years 2010 and 2011. Estimated financial data of the selected companies was based on research analysts' estimates, public filings and other publicly available information. Estimated financial data of Xerox was based on internal estimates of Xerox's management. The results of this selected publicly traded comparable companies analysis are summarized below:

	Comparable Company Multiple Range		Selected Multiple Range		Valuation Range	
	Low	High	Low	High	Low	High
Equity Value /						
FCF CY 2009 (estimated)	4.6x	12.3x	6.0x	10.0x	\$ 7.74	\$ 12.82
FCF CY 2010 (estimated)	5.5x	11.2x	6.0x	9.0x	\$ 8.13	\$ 12.13
Stock Price /						
EPS CY 2010 (estimated)	10.2x	13.7x	10.5x	13.7x	\$ 7.83	\$ 10.22
EPS CY 2011 (estimated)	9.4x	10.7x	9.0x	11.0x	\$ 7.96	\$ 9.72

Based on this analysis, Citi selected a reference range for Xerox common stock of \$8.00 to \$12.00 per share.

Discounted Cash Flow Analysis. Citi performed a discounted cash flow analysis to calculate the estimated present value of the standalone unlevered, after-tax free cash flow that Xerox could generate for calendar year 2009 through calendar year 2014. This analysis was based on Xerox's public filings and internal estimates provided by Xerox's management. Estimated terminal values for Xerox were calculated by applying perpetuity growth rates ranging from 1.5% to 3.0% to Xerox's calendar year 2014 estimated terminal adjusted unlevered, after-tax free cash flow (calculated as unlevered, after-tax free cash flow less the differences between capital expenditures, depreciation and amortization and changes in certain balance sheet items). The cash flows and terminal values were then discounted to present value using discount rates ranging from 8.5% to 10.0%. Based on this analysis, Citi calculated an implied equity reference range for Xerox common stock of \$9.12 to \$15.43 per share.

Pro Forma Discounted Cash Flow Analysis. Citi performed a discounted cash flow analysis to calculate the estimated present value of the pro forma unlevered, after-tax free cash flows that Xerox could generate post transaction for calendar year 2010 through calendar year 2014. This analysis was based on the 100% revenue and cost synergies provided by ACS's and Xerox's management teams. Estimated terminal values were calculated by applying perpetuity growth rates ranging from 1.5% to 3.0% to the pro forma calendar year 2014 estimated terminal adjusted unlevered, after-tax free cash flow. The cash flows and terminal values were then discounted to present value using discount rates ranging from 8.5% to 10.0%. Based on this analysis, Citi calculated a pro forma equity reference range for Xerox common stock of \$10.77 to \$18.58 per share.

Valuation of the Class A Merger Consideration. Citi derived per share reference ranges of implied values of the Class A merger consideration based on Citi's valuation analyses of Xerox described above. To derive such reference ranges, Citi multiplied the high and low ends of the per share reference ranges for the value of Xerox common stock by the exchange ratio in the merger agreement of 4.935 and added to those amounts the per share cash consideration of \$18.60.

Citi compared the implied deal value of the Class A merger consideration based on (i) the closing price per share of Xerox common stock on September 25, 2009 (\$63.11), (ii) the 10-day average price per share of Xerox common stock (\$64.79) and (iii) the 6-month average price per share of Xerox common stock (\$53.82) to the per

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share reference ranges of implied values of the Class A merger consideration as derived above from the comparable companies analysis, discounted cash flow analysis and pro forma discounted cash flow analysis. The following table sets forth the results of this analysis:

	Per Share Reference Range of Values of Xerox Common Stock		Per Share Reference Range of Implied Values of Class A Merger Consideration	
Comparable Companies	\$ 8.00	\$ 12.00	\$ 58.08	\$ 77.82
Discounted Cash Flow	\$ 9.12	\$ 15.43	\$ 63.61	\$ 94.75
Pro Forma Discounted Cash Flow	\$ 10.77	\$ 18.58	\$ 71.75	\$ 110.29

Pro Forma Earnings Per Share Impact

Citi calculated potential accretion/dilution of both GAAP and non-GAAP pro forma earnings per share (EPS) of Xerox for calendar years 2010 and 2011 under the following three alternative scenarios: (i) 0% of expected synergies realized, (ii) 50% of expected synergies realized and (iii) 100% of expected synergies realized. Non-GAAP EPS excluded stock based compensation charges, amortization of financing fees and purchase accounting amortization. Citi based these calculations on, among other factors, an assumed transaction closing date of December 31, 2009 and the financial models of the managements of ACS and Xerox. The following table sets forth the full results of this analysis:

	0% Synergies	50% Synergies	100% Synergies
2010 GAAP EPS Accretion / (Dilution)%	(21.2)%	(17.8)%	(14.4)%
2011 GAAP EPS Accretion / (Dilution)%	(20.2)%	(14.1)%	(8.0)%
2010 Non-GAAP EPS Accretion / (Dilution)%	(5.1)%	(2.2)%	(0.8)%
2011 Non-GAAP EPS Accretion / (Dilution)%	(7.3)%	(1.9)%	3.5%

Miscellaneous

Under the terms of Citi's engagement, ACS has agreed to pay Citi for its financial advisory services in connection with the merger an aggregate fee of approximately \$32.5 million, \$3.25 million of which will become payable following the negotiation, execution and delivery of definitive transaction documents, delivery by Citi of the opinion and the filing by ACS of the definitive proxy materials and approximately \$29.25 million of which is payable upon consummation of the merger. Subject to certain limitations, ACS also has agreed to reimburse Citi for reasonable travel and other out-of-pocket expenses incurred by Citi in performing its services, including reasonable fees and expenses of its legal counsel, and to indemnify Citi and related persons against liabilities, including liabilities under the federal securities laws, arising out of its engagement. Following announcement of the merger, Citi was invited by Xerox to participate in the syndication of acquisition financing originally provided by J.P. Morgan in the form of a bridge facility. If Citi participates in any such transaction, Citi may receive incremental fees.

Citi and its affiliates in the past have provided and currently provide services to ACS unrelated to the proposed merger, for which services Citi and its affiliates have received and expect to receive compensation, including, without limitation, having acted or acting (i) as administrative agent, sole lead arranger and book runner and co-syndication agent under ACS's existing \$1.8 billion senior secured term loan facility and \$1 billion senior secured revolving credit facility, (ii) as financial advisor to ACS in connection with the acquisition of Anix in May 2009 and (iii) as share repurchase agent to ACS in connection with a \$200 million share repurchase in November 2007. In addition, Citi and its affiliates in the past have provided, currently provide and in the future may provide, services to Xerox unrelated to the proposed merger, for which services Citi and its affiliates have received and expect to receive compensation, including, without limitation, having acted or acting (i) as administrative agent, joint lead arranger and joint book runner on an existing \$2 billion credit facility for Xerox, (ii) as joint book running manager in Xerox's \$750 million offering of 8.25% senior notes in May 2009

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and (iii) as joint book running manager in Xerox's \$1.0 billion offering of 6.35% senior notes and \$400 million offering of 5.65% senior notes in April 2008. Citi and its affiliates also have provided and currently provide financial and advisory services to Mr. Deason. In the ordinary course of its business, Citi and its affiliates may actively trade or hold the securities of ACS and Xerox for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates (including Citigroup Inc. and its affiliates) maintain relationships with ACS, Xerox and their respective affiliates, including, but not limited to, the following: Xerox's Chairman is a member of Citigroup Inc.'s Board of Directors, the former Chairman of Citigroup Inc.'s Board of Directors is a member of the Xerox board of directors and a former senior executive of Citigroup Inc. is a member of the ACS board of directors.

ACS selected Citi to provide certain financial advisory services in connection with the merger based on Citi's reputation and experience. Citi is an internationally recognized investment banking firm which regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

Opinion of Financial Advisor to the Strategic Transaction Committee

On September 27, 2009, at a meeting of the Strategic Transaction Committee, Evercore delivered to the Strategic Transaction Committee an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated September 27, 2009, to the effect that, as of that date and based on and subject to assumptions made, matters considered and limitations on the scope of review undertaken by Evercore as set forth therein, the Class A merger consideration was fair, from a financial point of view, to the holders of shares of ACS Class A common stock (other than those holders who also hold shares of ACS Class B common stock) entitled to receive such merger consideration.

The full text of Evercore's written opinion, dated September 27, 2009, which sets forth, among other things, the procedures followed, assumptions made, matters considered and limitations on the scope of review undertaken in rendering its opinion, is attached as Annex D to this joint proxy statement/prospectus and is incorporated by reference in its entirety into this joint proxy statement/prospectus. You are urged to read Evercore's opinion carefully and in its entirety. Evercore's opinion was directed to the Strategic Transaction Committee and addresses only the fairness, from a financial point of view, of the Class A merger consideration to the holders of shares of ACS Class A common stock (other than those holders who also hold shares of ACS Class B common stock) entitled to receive such Class A merger consideration. The opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to any holder of ACS Class A common stock as to how such stockholder should vote or act with respect to any matters relating to the merger. Evercore's opinion does not address the relative merits of the merger as compared to other business or financial strategies that might be available to ACS, nor does it address the underlying business decision of ACS to engage in the merger.

In connection with rendering its opinion, Evercore, among other things:

reviewed certain publicly available business and financial information relating to ACS and Xerox that Evercore deemed to be relevant, including publicly available research analysts' estimates;

reviewed certain non-public historical financial statements and other non-public historical financial and operating data relating to ACS and Xerox prepared and furnished to Evercore by management of ACS and Xerox, respectively;

reviewed certain non-public projected financial statements and other non-public projected financial and operating data relating to ACS and Xerox prepared and furnished to Evercore by management of ACS and Xerox, respectively;

reviewed the amount and timing of the net cost savings and operating synergies estimated by management of ACS and Xerox, respectively, to result from the merger;

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discussed the past and current operations, financial projections and current financial condition of ACS and Xerox with management of ACS and Xerox, respectively;

reviewed the reported prices and the historical trading activity of ACS Class A common stock and Xerox common stock;

compared the financial performance of ACS and Xerox and the reported prices and the historical trading activity of ACS Class A common stock and Xerox common stock with those of certain other publicly traded companies that Evercore deemed relevant;

reviewed the financial terms, to the extent publicly available, of certain business combination transactions that Evercore deemed relevant;

reviewed a draft, dated September 27, 2009, of the merger agreement, which Evercore assumed was in substantially final form and from which Evercore assumed the final form would not vary in any respect material to its analysis;

reviewed a draft, dated September 27, 2009, of the Voting Agreement, which Evercore assumed was in substantially final form and from which Evercore assumed the final form would not vary in any respect material to its analysis;

reviewed a draft, dated September 27, 2009, of the Certificate of Amendment of Certificate of Incorporation of Xerox, which Evercore assumed was in substantially final form and from which Evercore assumed the final form would not vary in any respect material to its analysis;

took into account the additional merger consideration to be received by the holders of the ACS Class B common stock in the merger; and

performed such other financial analyses and examinations and considered such other factors that Evercore deemed appropriate. For purposes of its analysis and opinion, Evercore assumed and relied upon, without undertaking any independent verification of, the accuracy and completeness of all of the information publicly available, and all of the information supplied or otherwise made available to, discussed with, or reviewed by Evercore, and Evercore assumed no liability therefor. With respect to the projected financial data relating to ACS and Xerox referred to above, Evercore assumed that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of management of ACS and Xerox, respectively, as to the future financial performance of ACS and Xerox under the alternative business assumptions reflected therein. Evercore expressed no view as to any projected financial data relating to ACS or the assumptions on which they are based. Evercore relied, at direction of the Strategic Transaction Committee, without independent verification, upon the assessments of the management of ACS and Xerox as to the ability of Xerox to combine the businesses of ACS and Xerox.

For purposes of rendering its opinion, Evercore assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement and that all conditions to the completion of the merger will be satisfied without material waiver or modification thereof. Evercore further assumed that all governmental, regulatory or other consents, approvals or releases necessary for the completion of the merger will be obtained without any material delay, limitation, restriction or condition that would have an adverse effect on ACS or the completion of the merger or materially reduce the benefits to the holders of ACS Class A common stock of the merger.

Evercore did not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of ACS, nor was Evercore furnished with any such appraisals. Evercore did not evaluate the solvency or fair value of ACS under any state or federal laws relating to bankruptcy, insolvency or similar matters. Evercore's opinion was necessarily based upon information made available to it as of the date of its

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opinion and financial, economic, market and other conditions as they existed and as could be evaluated on the date of its opinion. It should be understood that subsequent developments may affect the opinion and that Evercore has no obligation to update, revise or reaffirm its opinion.

Evercore was not asked to pass upon, and expressed no opinion with respect to, any matter other than the fairness to the holders of ACS Class A common stock, from a financial point of view, of the Class A merger consideration. Evercore did not express any view on, and its opinion did not address, the fairness of the proposed transaction to, or any consideration received in connection therewith by, the holders of any other securities, creditors or other constituencies of ACS, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of ACS, or any class of such persons, whether relative to the Class A merger consideration or otherwise. However, as noted above, in arriving at its opinion, Evercore took into account the additional merger consideration to be received by the holders of ACS Class B common stock in the merger. Evercore assumed that any modification to the structure of the transaction will not vary in any respect material to its analysis. In arriving at its opinion, Evercore had limited discussions with certain third parties, of which the Strategic Transaction Committee was aware, but was not authorized to solicit, and did not solicit, interest from any third party with respect to the acquisition of any or all of the ACS Class A common stock or ACS Class B common stock or any business combination or other extraordinary transaction involving ACS. Evercore's opinion noted that Evercore is not a legal, regulatory, accounting or tax expert and that Evercore assumed the accuracy and completeness of assessments by ACS and its advisors with respect to legal, regulatory, accounting and tax matters.

Except as described above, the Strategic Transaction Committee imposed no other instructions or limitations on Evercore with respect to the investigations made or the procedures followed by Evercore in rendering its opinion. Evercore's opinion was only one of many factors considered by the Strategic Transaction Committee in its evaluation of the merger and should not be viewed as determinative of the views of the Strategic Transaction Committee or the ACS board of directors or ACS management with respect to the merger or the merger consideration payable in the merger.

Set forth below is a summary of the material financial analyses reviewed by Evercore with the Strategic Transaction Committee on September 27, 2009 in connection with rendering its opinion. The following summary, however, does not purport to be a complete description of the analyses performed by Evercore. The order of the analyses described and the results of these analyses do not represent relative importance or weight given to these analyses by Evercore. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before September 25, 2009 (the last trading day prior to public announcement of the merger), and is not necessarily indicative of current market conditions.

The following summary of financial analyses includes information presented in tabular format. These tables must be read together with the text of each summary in order to understand fully the financial analyses. The tables alone do not constitute a complete description of the financial analyses. Considering the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Evercore's financial analyses.

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Implied Transaction Premiums. Evercore calculated the premium to be paid in the merger based on the implied per share Class A merger consideration of \$63.11 as of September 25, 2009 relative to the closing price of ACS Class A common stock on September 25, 2009, the last trading day prior to announcement of the merger, the average daily closing price of ACS Class A common stock for selected periods ending September 25, 2009, and the 52 week low and 52 week high as of September 25, 2009:

Period	ACS Class A Common Stock Share Price	Implied Premium to ACS Class A Common Stock
September 25, 2009	\$ 47.25	33.6%
1 Week Average	\$ 47.23	33.6%
2 Week Average	\$ 46.89	34.6%
1 Month Average	\$ 45.73	38.0%
3 Month Average	\$ 45.34	39.2%
6 Month Average	\$ 45.99	37.2%
1 Year Average	\$ 44.95	40.4%
52 Week Low	\$ 35.72	76.7%
52 Week High	\$ 52.19	20.9%

Research Analyst Price Targets. Evercore analyzed research analyst estimates of potential future value for shares of ACS Class A common stock, commonly referred to as price targets, based on publicly available equity research published with respect to ACS. Evercore observed that, as of September 25, 2009, research analyst one-year forward price targets for shares of ACS Class A common stock ranged from \$50.00 to \$62.00 per share, with an average price target of \$54.09 per share. Evercore then discounted the price targets six months at an assumed discount rate of 10%, derived by taking into consideration, among other things, a cost of equity calculation, resulting in a present value range from \$47.67 to \$59.11 per share, with an average price target of \$51.57 per share compared to the implied per share Class A merger consideration of \$63.11.

Peer Group Trading Analysis. Evercore compared certain financial and operating information and commonly used valuation measurements for ACS to corresponding information and measurements for a group of selected companies in the following sectors: (a) information technology services, or IT Services, (b) business process outsourcing, or BPO, and (c) state and local government services. Although none of the selected companies are, in Evercore's opinion, directly comparable to ACS, the companies were chosen because, in Evercore's opinion, they may be considered similar to ACS in certain respects for purposes of its analysis. For purposes of this analysis, Evercore used ACS management projections provided to Evercore and publicly available financial data.

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Evercore calculated and compared certain valuation multiples based on 2009, 2010 and 2011 estimates for ACS and for the selected publicly-traded companies, using share prices as of September 25, 2009. These valuation multiples included the following: enterprise value (which represents total market equity value plus book value of total debt, preferred stock and minority interest less cash and book value of unconsolidated assets) as a multiple of revenue; enterprise value as a multiple of earnings before interest, taxes, depreciation and amortization, or EBITDA; share price as a multiple of earnings per share (commonly referred to as price to earnings or P/E ratio); and equity value as a multiple of free cash flows, or FCF. The range of multiples that Evercore calculated is summarized below:

	IT Services(1)				BPO(2)				State & Local(3)			
	Mean	Median	Low	High	Mean	Median	Low	High	Mean	Median	Low	High
Enterprise Value / 2009E Revenue	0.7x	0.6x	0.3x	1.1x	1.6x	1.1x	0.6x	4.5x	1.2x	1.0x	0.4x	2.2x
Enterprise Value / 2010E Revenue	0.7x	0.6x	0.3x	1.1x	1.5x	1.1x	0.6x	4.1x	1.1x	1.0x	0.4x	2.0x
Enterprise Value / 2011E Revenue	0.7x	0.6x	0.5x	1.0x	1.4x	1.1x	0.5x	3.8x	0.9x	0.9x	0.9x	0.9x
Enterprise Value / 2009E EBITDA	6.2x	6.3x	4.3x	7.2x	8.2x	7.0x	5.8x	14.4x	9.4x	9.4x	7.2x	11.7x
Enterprise Value / 2010E EBITDA	5.8x	5.8x	4.2x	7.1x	7.2x	6.3x	4.9x	13.3x	7.7x	7.3x	5.8x	10.0x
Enterprise Value / 2011E EBITDA	5.4x	5.4x	4.0x	7.0x	7.0x	5.5x	4.3x	13.0x	6.5x	6.5x	6.5x	6.5x
Price / 2009E Earnings	14.4x	14.5x	10.8x	18.2x	15.0x	14.2x	9.6x	21.0x	18.5x	16.5x	15.4x	23.5x
Price / 2010E Earnings	12.7x	12.2x	10.0x	17.2x	14.0x	12.5x	9.0x	19.4x	15.9x	14.8x	13.1x	19.9x
Price / 2011E Earnings	11.4x	11.0x	10.0x	14.3x	12.3x	11.0x	8.3x	18.6x	14.4x	14.4x	13.4x	15.4x
Equity Value / 2009E FCF	15.5x	13.9x	7.5x	30.0x	14.6x	12.9x	7.4x	25.9x	14.4x	15.2x	6.7x	21.4x
Equity Value / 2010E FCF	12.8x	11.9x	7.2x	20.2x	13.4x	11.3x	9.5x	23.3x	14.0x	14.8x	9.6x	17.6x
Equity Value / 2011E FCF	11.2x	11.2x	10.9x	11.4x	12.8x	9.7x	8.7x	22.0x	11.2x	11.2x	11.2x	11.2x

- (1) IT Services includes Accenture Plc, Cap Gemini, Computer Sciences Corporation, Atos Origin, CGI Group, Perot Systems Corporation and Unisys Corporation.
- (2) BPO includes Amdocs Ltd, Hewitt Associates Inc., Genpact Limited, Syntel, Inc., Watson Wyatt Worldwide, Inc., Convergys Corporation, Teletech Holdings, Inc. and Xchanging Plc.
- (3) State & Local includes Maximus, Inc., Tyler Technologies, Inc. and CIBER, Inc.

Evercore then applied ranges of selected multiples to corresponding financial data based on ACS management financial projections provided to Evercore in order to derive a range of implied per share equity values. The ranges of trading multiples used and the implied per share equity values derived from this analysis are summarized below:

	Multiple		Implied Share Price	
	Low	High	Low	High
Enterprise Value / 2009E EBITDA	5.0x	6.5x	\$ 40.88	\$ 56.55
Enterprise Value / 2010E EBITDA	4.5x	6.0x	\$ 40.97	\$ 58.29
Price / 2009E Earnings	13.0x	16.0x	\$ 50.64	\$ 62.32
Price / 2010E Earnings	11.0x	14.0x	\$ 48.97	\$ 62.33
Equity Value / 2009E FCF	9.0x	13.0x	\$ 46.13	\$ 63.91
Equity Value / 2010E FCF	8.0x	12.0x	\$ 42.10	\$ 60.89

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Historical Multiples Analysis. Evercore reviewed enterprise value as a multiple of the historical EBITDA expected for the next twelve months, or NTM EBITDA, based on Wall Street research estimates, during the three year period beginning on September 26, 2006 and ending on September 25, 2009 and calculated the average daily NTM EBITDA over various time periods. Evercore then compared ACS's NTM EBITDA for such periods to the NTM EBITDA of the companies comprising the IT Services, BPO and State & Local sectors described above under ACS Financial Analyses Peer Group Trading Analysis. The results of these calculations are summarized below:

	Average NTM EBITDA Multiples			
	ACS	IT Services	BPO	State & Local
September 25, 2009	5.1x	6.4x	7.5x	7.8x
Six Months Prior to September 25, 2009	5.1x	5.0x	6.4x	7.1x
One Year Prior to September 25, 2009	5.2x	4.6x	5.8x	6.6x
Two Years Prior to September 25, 2009	5.6x	5.3x	7.3x	7.3x
Three Years Prior to September 25, 2009	6.1x	5.8x	8.2x	8.0x
Three-Year High (as of September 25, 2009)	7.8x	7.7x	10.8x	10.5x
Three-Year Low (as of September 25, 2009)	4.6x	3.5x	4.5x	4.8x

Evercore also reviewed the historical price to earnings ratios expected for the next twelve months, or NTM P/E, based on Wall Street research estimates, during the three year period beginning on September 26, 2006 and ending on September 25, 2009 and calculated the average daily NTM P/E over various time periods. Evercore then compared ACS's NTM P/E for such periods to the NTM P/E of Xerox and the companies comprising the IT Services, BPO and State & Local sectors described above under ACS Financial Analyses Peer Group Trading Analysis. The results of these calculations are summarized below:

	Average NTM P/E Multiples				
	ACS	Xerox	IT Services	BPO	State & Local
September 25, 2009	11.0x	13.6x	13.8x	14.2x	16.9x
Six Months Prior to September 25, 2009	11.0x	11.3x	11.6x	12.8x	15.3x
One Year Prior to September 25, 2009	11.0x	8.7x	10.6x	11.7x	14.5x
Two Years Prior to September 25, 2009	12.0x	9.9x	11.9x	14.3x	15.9x
Three Years Prior to September 25, 2009	12.9x	11.5x	13.6x	16.0x	18.1x
Three-Year High (as of September 25, 2009)	17.2x	15.9x	19.2x	21.7x	25.7x
Three-Year Low (as of September 25, 2009)	9.2x	4.2x	8.1x	9.0x	11.4x

Present Value of Future Stock Price Analysis. Evercore performed a present value of illustrative future stock price analysis of ACS based on ACS management projections provided to Evercore. Evercore calculated future enterprise values, prices per share and equity values of ACS as of December 31, 2010 by applying the ranges of the selected multiples of EBITDA, earnings per share (or EPS) and free cash flows (or FCF) of 4.5x to 6.0x, 11.0x to 14.0x and 8.0x to 12.0x, respectively, derived from the selected publicly-traded companies described above under ACS Financial Analyses Peer Group Trading Analysis, to the estimated EBITDA, EPS and FCF of ACS for calendar year 2011. These illustrative future stock prices were discounted to present value as of June 30, 2009 using discount rates of 8.0% to 10.0% (with respect to the EBITDA analysis) and 9.0% to 11.0% (with respect to the EPS and FCF analyses) derived taking into consideration, among other things, a weighted average cost of capital calculation (with respect to the EBITDA analysis) and a cost of equity calculation (with respect to the EPS and FCF analyses). This analysis indicated the following ranges of implied value per share of ACS Class A common stock:

	Implied Value Per Share of ACS	
2011E EBITDA	\$ 39.53	\$57.82
2011E EPS	\$ 49.39	\$64.02
2011E FCF	\$ 42.21	\$62.03

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Discounted Cash Flow Analysis. Evercore performed a discounted cash flow analysis of ACS in order to derive ranges of the implied value per share of ACS Class A common stock based on the implied present value of ACS's projected future cash flows and terminal value. Evercore based the discounted cash flow analysis on ACS management projections provided to Evercore. In this analysis, Evercore calculated ranges of the implied value per share of ACS Class A common stock under the ACS management case and the ACS management case with base case cost synergies from the merger with 100% of synergies allocated to ACS. The ranges of implied value per share were calculated based on the sum of the (i) implied present values, using discount rates ranging from 8.0% to 10.0%, of ACS's projected unlevered free cash flows (or UFCF) for calendar years 2009 through 2013 and (ii) implied present values, using discount rates ranging from 8.0% to 10.0%, of the terminal value of ACS at the end of calendar year 2013 calculated by applying a range of EBITDA-based and unlevered FCF-based terminal multiples of 4.5x to 6.0x and 8.0x to 12.0x, respectively (derived from the selected publicly-traded companies described above under "ACS Financial Analyses - Peer Group Trading Analysis"), to ACS's calendar year 2013 projected EBITDA and unlevered free cash flows. The discount rates utilized in this analysis were derived by taking into consideration, among other things, a weighted average cost of capital calculation. This analysis indicated the following ranges of implied value per share of ACS Class A common stock:

	Implied Value Per Share Based on EBITDA		Implied Value Per Share Based on UFCF	
ACS Management Case	\$ 55.16	\$74.84	\$ 46.73	\$68.93
ACS Management Case with Base Case Cost Synergies	\$ 69.71	\$93.54	\$ 62.60	\$91.11

Premiums Paid Analysis. Evercore identified and analyzed 13 all stock transactions and 32 transactions involving a mix of cash and stock, in each case between \$5 billion and \$20 billion since January 1, 2004 in the U.S. Evercore reviewed the premiums paid in the selected transactions referenced above based on the value of the per share consideration received in the relevant transaction relative to the closing stock price of the target company one day, one week and four weeks prior to the announcement date of the transaction. This analysis indicated the following implied high, mean, median and low premiums for the selected transactions:

	Implied Premiums for Selected All Stock Transactions (\$5bn - \$20bn)				Implied Premiums for Selected Cash/Stock Transactions (\$5bn - \$20bn)			
	High	Mean	Median	Low	High	Mean	Median	Low
One Day Prior	63.7%	16.3%	9.5%	(6.6)%	65.2%	16.8%	13.2%	(29.8)%
One Week Prior	59.4%	17.3%	9.4%	(7.3)%	65.0%	20.7%	19.2%	(35.8)%
Four Weeks Prior	72.5%	20.3%	11.3%	(6.0)%	76.6%	24.1%	22.7%	(36.9)%

Based on the above analysis, Evercore then applied low and high selected premiums of 10.0% and 25.0% derived from the selected transactions to the closing price of ACS Class A common stock one day, one week and four weeks prior to September 25, 2009. This analysis indicated the following ranges of implied value per share of ACS Class A common stock:

	Implied Value Per Share	
One Day Prior	\$ 51.98	\$59.06
One Week Prior	\$ 51.07	\$58.04
Four Weeks Prior	\$ 49.45	\$56.19

Leveraged Buyout Analysis. Evercore performed a leveraged buyout analysis of ACS in order to ascertain the price of ACS Class A common stock that might be attractive to a potential financial buyer based upon financial projections prepared by and furnished to Evercore by ACS management.

Evercore calculated the implied value per share of ACS Class A common stock that would generate an internal rate of return ranging between 20.0% and 25.0% assuming the following: (i) a range of selected exit multiples of 4.5x to 6.0x estimated EBITDA for 2013, and (ii) leverage ratios of debt over EBITDA for the last twelve months, or LTM EBITDA, between 3.0x and 4.0x. This analysis yielded implied per share present values of ACS Class A common stock of between \$37.51 and \$56.09.

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Evercore calculated the implied value per share of ACS Class A common stock that would generate an internal rate of return ranging between 17.5% and 27.5%, assuming a leverage ratio of debt over LTM EBITDA of 3.5x and a range of selected exit multiples of 4.5x to 6.0x estimated EBITDA for 2013. This analysis yielded implied per share present values of ACS Class A common stock between \$38.20 and \$57.58.

Evercore also calculated the potential internal rate of return of an equity investment based on the following assumptions: (i) an offer price per share equal to the implied Class A merger consideration of \$63.11, (ii) a range of selected exit multiples of 4.5x to 6.0x estimated EBITDA for 2013, and (iii) leverage ratios of debt over LTM EBITDA between 3.0x and 4.0x, which analysis yielded a range of potential internal rates of return between 4.8% and 14.4%.

Based on the three aspects of the LBO analysis described above, Evercore derived a range of implied per share values of ACS Class A common stock of \$43.00 to \$56.00.

Precedent Transactions Analysis. Evercore performed an analysis of selected transactions to compare multiples paid in other transactions to the multiples implied in the merger. Evercore identified and analyzed a group of 28 merger and acquisition transactions that were announced between 2003 and 2009 involving the acquisition of IT services and BPO companies that it deemed appropriate in analyzing the merger. Although, in Evercore's opinion, none of those transactions are by themselves directly comparable to the merger, each could be considered similar to the merger (although not necessarily to each other) in certain limited respects. Evercore calculated the premiums paid in these transactions based on the value of the per share consideration in the transaction relative to the closing stock price of the target company one day and one week prior to the respective dates of announcement of the transactions. Evercore also calculated enterprise value as a multiple of LTM revenue and EBITDA, equity value as a multiple of LTM FCF and price as a multiple of LTM EPS implied by these transactions. The selected transactions are set forth below:

Date Announced	Acquiror	Target
9/21/2009	Dell Inc.	Perot Systems Corporation
6/12/2009	Global Payments Inc.	HSBC Merchant Services Limited
3/31/2009	Fidelity National Information Services Inc	Metavante Technologies, Inc.
3/23/2009	Deloitte LLP	Bearingpoint Inc., North American Public
10/8/2008	Tata Consultancy Services Limited	Citigroup Global Services Limited
8/27/2008	Serco Inc	SI International Inc
8/25/2008	Infosys	Axon Group
7/2/2008	Stone Point Capital LLC	Fiserv Insurance Solutions
6/17/2008	Global Payments Inc	HSBC Merchant Services Limited
5/13/2008	Hewlett-Packard Company	Electronic Data Systems Corporation
4/11/2008	Investor Group	Trizetto Group
3/20/2008	Nordic Capital	TietoEnator Oyj
12/21/2007	Kohlberg Kravis Roberts	Northgate Information Solutions plc
8/6/2007	Wipro Technologies Ltd	Infocrossing Inc.
7/30/2007	Steria SA	Xansa PLC
7/30/2007	Koninklijke KPN NV	Getronics NV
7/9/2007	Court Square Capital Partners	CompuCom Systems Inc.
2/26/2007	HOV Services	Lason Inc.
2/7/2007	Caritor Inc	Keane Inc.
5/31/2006	Thomas H Lee / Quadrangle	West Corp
5/15/2006	One Equity Partners	NCO Group, Inc.
3/7/2006	Apollo Management, L.P.	SOURCECORP, Incorporated
2/9/2006	GTCR / Solera	ADP Claims Services Group
3/28/2005	Investor Group	SunGard Data Systems Inc.
11/8/2004	General Atlantic / Oak Hill	GE Capital International Services (Gecis)
3/10/2004	CGI Group Inc	American Mgmt Systems
12/9/2003	SunGard Data Systems Inc	Systems & Computer Technology
9/16/2003	Atos Origin SA	SchlumbergerSema

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Based on these transactions, Evercore selected a range of implied multiples between 5.0x and 9.0x LTM EBITDA, yielding an implied price per share of ACS Class A common stock between \$39.71 and \$79.30.

Xerox Financial Analyses

Implied Transaction Premiums. Evercore calculated the following premiums to be paid in the merger based on the implied per share Class A merger consideration relative to the closing prices of Xerox common stock as set forth below, including the average daily closing price of Xerox common stock for selected periods ending September 25, 2009:

Period	Xerox Common Stock Share Price	Implied Value of Class A Merger Consideration	Implied Premium to ACS Class A Common Stock on September 25, 2009	Percent Premium to ACS Class A Common Stock Price for the Corresponding Period
September 25, 2009	\$ 9.02	\$ 63.11	33.6%	33.6%
1 Week Average	\$ 9.22	\$ 64.11	35.7%	35.8%
2 Week Average	\$ 9.34	\$ 64.69	36.9%	38.0%
1 Month Average	\$ 9.00	\$ 63.02	33.4%	37.8%
3 Month Average	\$ 8.04	\$ 58.27	23.3%	28.5%
6 Month Average	\$ 7.14	\$ 53.85	14.0%	17.1%
1 Year Average	\$ 7.12	\$ 53.73	13.7%	19.5%
52 Week Low	\$ 4.17	\$ 39.18	(17.1)%	9.7%
52 Week High	\$ 12.11	\$ 78.36	65.8%	50.1%

Research Analyst Price Targets. Evercore analyzed research analyst price targets for shares of Xerox common stock, based on publicly available equity research published with respect to Xerox. Evercore observed that, as of September 25, 2009, research analyst one-year forward price targets for shares of Xerox common stock ranged from \$7.00 to \$12.00 per share, with an average price target of \$9.25 per share. Evercore then discounted the price targets six months at an assumed discount rate of 11%, derived by taking into consideration, among other things, a cost of equity calculation, resulting in a present value range from \$6.64 to \$11.39 per share, with an average price target of \$8.78 per share.

Peer Group Trading Analysis. Evercore compared certain financial and operating information and commonly used valuation measurements for Xerox to corresponding information and measurements for a group of selected companies in the document imaging and printing industry, including Hewlett-Packard Company, Canon Inc., Sharp Corporation, Ricoh Company, Ltd., Pitney Bowes Inc., Konica Minolta Holdings, Inc., Lexmark International, Inc., Eastman Kodak Company, Electronics for Imaging, Inc. and Océ N.V. Although none of the selected companies are, in Evercore's opinion, directly comparable to Xerox, the companies were chosen because, in Evercore's opinion, they may be considered similar to Xerox in certain respects for purposes of its analysis. For purposes of this analysis, Evercore used publicly available financial data and Xerox management projections provided to Evercore and authorized for Evercore's use by ACS.

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Evercore calculated and compared valuation multiples based on 2009, 2010 and 2011 estimates for Xerox and for the selected publicly-traded companies, using share prices as of September 25, 2009. These valuation multiples included the following: enterprise value as a multiple of revenue; enterprise value as a multiple of EBITDA; the P/E ratio; and equity value as a multiple of free cash flows. The range of multiples that Evercore calculated is summarized below:

	Mean	Median	Low	High
Enterprise Value / 2009E Revenue	0.8x	0.7x	0.2x	1.7x
Enterprise Value / 2010E Revenue	0.7x	0.7x	0.2x	1.7x
Enterprise Value / 2011E Revenue	0.7x	0.6x	0.2x	1.7x
Enterprise Value / 2009E EBITDA	7.1x	7.3x	3.4x	11.2x
Enterprise Value / 2010E EBITDA	5.9x	5.6x	3.8x	10.4x
Enterprise Value / 2011E EBITDA	5.4x	4.6x	3.7x	8.7x
Price / 2009E Earnings	20.7x	15.8x	9.1x	38.8x
Price / 2010E Earnings	16.6x	11.4x	10.2x	29.3x
Price / 2011E Earnings	14.1x	13.4x	8.2x	24.0x
Equity Value / 2009E FCF	15.4x	10.5x	5.3x	45.2x
Equity Value / 2010E FCF	11.9x	12.1x	3.3x	19.0x
Equity Value / 2011E FCF	14.8x	14.6x	12.3x	17.5x

Evercore then applied ranges of selected multiples to corresponding financial data based on Xerox management financial projections in order to derive an implied per share equity value reference range. The ranges of trading multiples used and the implied per share equity values derived from this analysis are summarized below:

	Multiple		Implied Share Price	
	Low	High	Low	High
Price / 2009E Earnings	13.0x	17.0x	\$ 6.75	\$ 8.83
Price / 2010E Earnings	10.0x	13.0x	\$ 7.46	\$ 9.69
Equity Value / 2009E FCF	7.0x	11.0x	\$ 10.01	\$ 15.61
Equity Value / 2010E FCF	6.0x	9.0x	\$ 8.69	\$ 12.96

Present Value of Future Stock Price Analysis. Evercore performed a present value of illustrative future stock price analysis of Xerox based on the Xerox management projections provided to Evercore. Evercore calculated future prices per share and equity values of Xerox as of December 31, 2010 by applying the ranges of the selected multiples of EPS and free cash flows of 10.0x to 13.0x and 6.0x to 9.0x, respectively, derived from the selected publicly-traded companies described above under Xerox Financial Analyses Peer Group Trading Analysis, to estimated EPS and FCF of Xerox for calendar year 2011. These illustrative future stock prices were discounted to present value as of June 30, 2009 using discount rates of 10.0% to 12.0% derived taking into consideration, among other things, a cost of equity calculation, and were increased to reflect the present value of the future dividend projected to be paid by Xerox. This analysis indicated ranges of implied value per share of Xerox common stock of \$7.67 to \$10.17 under the EPS method and \$8.08 to \$12.27 under the free cash flow method.

Discounted Cash Flow Analysis. Evercore performed a discounted cash flow analysis of Xerox in order to derive ranges of the implied value per share of Xerox common stock based on the implied present value of Xerox's projected future cash flows and terminal value. Evercore based the discounted cash flow analysis on the Xerox management projections provided to Evercore. In this analysis, Evercore calculated the range of the implied value per share of the Xerox operating company (excluding the financing business). The range of implied value per share was calculated based on the sum of the (i) implied present values, using discount rates ranging from 8.0% to 10.0%, of Xerox's projected unlevered free cash flows for calendar years 2009 through 2014 and

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(ii) implied present values, using discount rates ranging from 8.0% to 10.0%, of the terminal value of Xerox at the end of calendar year 2014, calculated by applying a range of unlevered FCF-based terminal multiples of 6.0x to 9.0x (derived from the selected publicly-traded companies described above under Xerox Financial Analyses Peer Group Trading Analysis) to Xerox's calendar year 2014 projected unlevered free cash flows. The discount rates utilized in this analysis were derived taking into consideration, among other things, a weighted average cost of capital calculation.

Evercore then calculated implied value of Xerox's financing business based on the sum of the (i) implied present values, using discount rates ranging from 10.0% to 12.0%, of projected free cash flows of Xerox's financing business for calendar years 2009 through 2014 and (ii) implied present values, using discount rates ranging from 10.0% to 12.0%, of the terminal value of Xerox's financing business beyond calendar year 2014, calculated by applying a range of terminal book value multiples of 1.0x to 1.5x to Xerox's calendar year 2014 projected free cash flows. The discount rates utilized in this analysis were derived taking into consideration, among other things, a cost of equity calculation.

Together, these analyses indicated an implied value per share of Xerox common stock of \$13.41 to \$17.25.

Other Analyses

Pro Forma Accretion/Dilution Analysis. Evercore reviewed the potential pro forma financial effect of the merger on ACS's estimated EPS for calendar years 2010 through 2013 after giving effect to potential synergies estimated by the managements of ACS and Xerox to result from the merger. For purposes of this analysis, Evercore assumed, in accordance with ACS and Xerox management assumptions, an assumed pro forma effective tax rate of 30.0% in 2010 and 36.0% thereafter, a cost of new debt of 8% and no change in Xerox's annual dividend of \$0.17 per share. Estimated financial data of ACS were based on the ACS management base case projections and estimated financial data of Xerox were based on the Xerox management base case projections, in each case reflecting both cost and revenue synergies together and cost synergies without revenue synergies. Based on the implied per share Class A merger consideration of \$63.11 (\$18.60 in cash and 4.935 shares of Xerox common stock as of September 25, 2009), this analysis indicated that, taking into account cost synergies but not revenue synergies, the merger would be dilutive to estimated EPS under generally accepted accounting principles (or GAAP) for calendar years 2010 to 2012 and accretive for calendar year 2013. The analysis indicated that, taking into account cost and revenue synergies, the merger would be dilutive to estimated GAAP EPS for calendar years 2010 and 2011 and accretive for calendar years 2012 and 2013. Under this analysis, the merger would be accretive to cash EPS (defined as per share GAAP net income plus after-tax amortization expense) and dilutive to free cash flows for calendar years 2010 through 2013, in each case taking into account costs and revenue synergies together and cost synergies without revenue synergies.

Pro Forma Leverage Analysis. Evercore analyzed the effects of the transaction on Xerox's expected leverage following the closing (assumed to be December 31, 2009) to 2013. The results of this analysis are summarized below:

	Closing	2010E	2011E	2012E	2013E
Consolidated Debt / Consolidated LTM EBITDA	3.9x	2.9x	2.3x	1.8x	1.5x
Consolidated Net Debt / Consolidated LTM EBITDA	3.5x	2.5x	2.0x	1.5x	1.1x
Core Debt / Adjusted LTM EBITDA(1)	1.8x	1.1x	0.7x	0.4x	0.2x
Core Net Debt / Adjusted LTM EBITDA(2)	1.3x	0.7x	0.3x	0.1x	(3)

- (1) Core Debt, for purposes of this ratio, excludes debt relating to Xerox's financing business and adjusts for FAS 133. Adjusted LTM EBITDA, for purposes of this ratio, excludes expected gross profit from Xerox's financing business.
- (2) Core Net Debt, for purposes of this ratio, is Core Debt less cash and cash equivalents. Adjusted LTM EBITDA, for purposes of this ratio, excludes expected gross profit from Xerox's financing business.
- (3) Core Net Debt is expected to be negative for 2013 due to a net cash position.

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Contribution Analysis. Evercore compared the implied equity contributions of ACS and Xerox in the combined company based on expected revenue, net income and free cash flows of ACS and Xerox from 2010 to 2013, as provided by ACS management and Xerox management, and which reflect transaction adjustments and synergies allocated on a pro rata basis. Based on this analysis, ACS's implied annual equity contribution ranges from 33.0% in 2010 to 37.2% in 2013 based on revenue, 32.3% in 2010 to 33.8% in 2013 based on net income and 16.5% in 2010 to 22.1% in 2013 based on free cash flows. ACS implied pro forma ownership based on the merger consideration as of September 25, 2009 and the exchange ratio of 4.935x shares of Xerox common stock per share of ACS Class A Common stock is 36.2%.

Exchange Ratio Analysis. Evercore reviewed the respective implied exchange ratios of the valuation analyses performed for both ACS and Xerox described above. These implied exchange ratios were calculated assuming the consideration for the ACS Class A common stock to be comprised of \$18.60 per share in cash with the residual portion in stock at an exchange ratio of 4.935x. The implied stock exchange ratio range per share of ACS Class A common stock by these valuation analyses is summarized below:

	Implied Exchange Ratio Per Share	
	Low	High
Three Month Low / High	2.548x	4.919x
One Year Low / High	1.414x	8.055x
Research Analyst Price Targets	2.553x	6.098x
Trading Multiple Analysis		
Price / 2009E EPS	3.629x	6.476x
Price / 2010E EPS	3.133x	5.865x
Equity Value / 2009E FCF	1.764x	4.526x
Equity Value / 2010E FCF	1.814x	4.869x
Present Value of Future Stock Price		
2011E EPS	3.027x	5.921x
2011E FCF	1.925x	5.378x
Discounted Cash Flow Terminal UFCF (No Synergies)	1.631x	3.753x
Discounted Cash Flow Terminal UFCF (With Base Case Cost Synergies)	2.550x	5.407x

Evercore also reviewed the historical exchange ratio during the three-year period beginning on September 26, 2006 and ending on September 25, 2009 and calculated the average daily exchange ratio over various time periods. Evercore then calculated and compared the premium to the ACS Class A common stock closing price on September 25, 2009 that the Class A merger consideration represented relative to the average exchange ratios for the selected periods and dates. The results of these calculations are summarized below:

	Avg. Exchange Ratio	Implied Price	Implied Premium
September 25, 2009 (Proposed Merger Exchange Ratio)	4.935x	\$ 63.11	33.6%
52-Week High	10.675x	\$ 114.89	143.1%
52-Week Low	3.766x	\$ 52.57	11.3%
10-Day Average	4.768x	\$ 61.61	30.4%
30-Day Average	5.035x	\$ 64.02	35.5%
60-Day Average	5.528x	\$ 68.46	44.9%
90-Day Average	5.869x	\$ 71.54	51.4%
1-Year Average	6.511x	\$ 77.33	63.7%
3-Year Average	4.032x	\$ 54.97	16.3%

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To assist the Strategic Transaction Committee in evaluating the Class A merger consideration to be received by the holders of ACS Class A common stock, Evercore also reviewed with the Strategic Transaction Committee certain considerations described below related to the dual class capital structure of ACS and the additional merger consideration to be received by the holders of ACS Class B common stock in the merger.

Premiums Paid in Acquisitions of Dual Class Companies. Evercore identified and analyzed a group of 65 acquisitions of dual class companies greater than \$100 million since 1990. Of the 65 acquisitions, 49 transactions had economic and voting details available and of these 49 transactions, 30 transactions had a greater than one-to-one voting ratio between the two share classes and also had high-vote shareholders with ownership of voting power representing greater than 30% and economic ownership of less than 50%. Of these 30 transactions, the following 7 transactions provided for the payment of incremental premiums to the holders of high vote shares:

Date Announced	Acquiror	Target
5/04/2009	DirecTV Group Inc.	Liberty Entertainment Group, Inc.
11/03/2004	Constellation Brands, Inc.	Robert Mondavi Corp.
2/29/2000	Clear Channel Communications, Inc.	SFX Entertainment, Inc.
6/24/1998	AT&T Corp.	Tele-Communications Inc.
8/25/1997	Capstar Broadcasting Corporation/ Hicks, Muse, Tate & Furst	SFX Broadcasting, Inc.
8/26/1996	Silver King Communications, Inc.	Home Shopping Network, Inc.
4/23/1990	Premark International, Inc.	Sikes Corporation

Evercore analyzed the economic incremental premiums paid as a percentage of the total equity market capitalization of the acquired company. In the 7 transactions in which an incremental premium was paid, these incremental premiums ranged as a percentage of total equity value from 1.1% to 5.2% with an average of 3.2%. Evercore noted that the implied premium to be received in the merger by the holders of ACS Class B common stock, as a percentage of total equity value of ACS, was between 4.5% and 5.2%, assuming the Series A Convertible Preferred Stock of Xerox to be received by the ACS Class B common stock in the merger is valued, in the aggregate, at between \$300 million and \$350 million and assuming the Class A merger consideration to be received for each share of ACS Class A common stock has a value of \$63.11.

Evercore also analyzed the economic incremental premiums paid as a percentage of the total market capitalization of the low or no vote equity of the acquired company. In the 7 transactions in which incremental consideration was paid, these incremental premiums ranged as a percentage of the total low or no vote equity value from 1.2% to 8.3% with an average of 4.1%. Evercore noted that, under the assumptions set forth in the immediately preceding paragraph, the dilution to the holders of the shares of ACS Class A common stock resulting from the additional merger consideration payable to the ACS Class B common stock, as a percentage of total equity value of the ACS Class A common stock, was between 5.0% and 5.8%.

Premiums Paid in Selected Dual Class Recapitalizations. Evercore identified and analyzed a group of 14 change-in-control dual class recapitalizations since 1993 in which public companies having two or more classes of common stock with different voting rights created one class of stock with the same voting rights for all stockholders, and in so doing, effected a change-in-control of the respective company. Of the 14 change-in-control dual class recapitalizations identified and deemed to be relevant by Evercore, high-vote shareholders received a premium in 13 of the transactions. Evercore noted that each precedent involves unique circumstances that complicate a direct comparison to other recapitalizations or to the situation faced by ACS. Evercore examined transactions involving the following companies:

Sotheby's

Kaman Corporation

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Methode Electronics Inc.

Commonwealth Telephone

The Reader's Digest Association, Inc.

SAP AG

Continental Airlines, Inc.

Dairy Mart Convenience Stores, Inc.

Remington Oil and Gas Corporation

Forcenergy AB

Laidlaw Inc.

Vermont Pure Holdings

Fischer & Porter Company

Forest Oil Corporation

Evercore examined the exchange ratio of high vote stock to low or no vote stock in the 14 dual class stock transactions. The exchange ratio of high vote stock to low or no vote stock ranged from 1.00x to 3.58x in these 14 transactions with a mean of 1.50x and a median of 1.15x for the 13 transactions (excluding Fischer & Porter, which was excluded because the nature of the consideration received was not comparable to the other transactions).

In addition, for each of the transactions (other than Fischer & Porter), Evercore examined the aggregate premium paid to high vote shareholders, taken as a percentage of the total equity market capitalization of the company and as a percentage of market capitalization of the low or no vote equity, based on the closing stock prices (if publicly traded) of each precedent company one day prior to the announcement of the transaction. In the 13 transactions reviewed, premiums to high vote shareholders ranged from 0.0% to 8.5% of total equity value, with an average of 3.4%. In these transactions, premiums to high vote shareholders ranged from 0.0% to 11.5% of low vote or no vote equity value, with an average of 4.1%.

In arriving at its opinion, Evercore took into account the additional merger consideration to be received by the holders of ACS Class B common stock. In this regard, Evercore reviewed the premiums paid in selected acquisitions of dual class companies and in selected dual class recapitalizations described above and noted that the incremental premium implied by the assumed value of the Series A Convertible Preferred Stock of Xerox to be paid in the merger to the holders of the Class B common stock, as a percentage of total equity market capitalization of the Company, was within the range of identified precedent transactions and recapitalizations. Based on its review, Evercore did not view the additional merger consideration to be of a nature or magnitude that would alter Evercore's conclusion as to the fairness, from a financial point of view, of the Class A merger consideration to the holders of shares of ACS Class A Common Stock.

General

In connection with the review of the merger by the Strategic Transaction Committee, Evercore performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary described above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Evercore's opinion. In arriving at its fairness determination, Evercore considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Evercore made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all the analyses. In addition, Evercore may

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have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should therefore not be taken to be Evercore's view of the value of ACS or Xerox or their respective common stocks. No company used in the above analyses as a comparison is directly comparable to ACS or Xerox, and no transaction used is directly comparable to the transactions contemplated by the merger agreement. Further, in evaluating comparable transactions, Evercore made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of the ACS, Xerox and Evercore, such as the impact of competition on ACS and Xerox and their respective industries generally, industry growth and the absence of any material adverse change in the financial condition of ACS and Xerox or in the markets generally.

Evercore prepared these analyses for the purpose of providing an opinion to the Strategic Transaction Committee as to the fairness, from a financial point of view, of the Class A merger consideration to be received by the holders of ACS Class A common stock (other than holders that also hold shares of ACS Class B common stock) entitled to receive such Class A merger consideration. These analyses do not purport to be appraisals or to necessarily reflect the prices at which the business or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty and are based upon numerous factors, assumptions with respect to industry performance, general business and economic conditions and other matters or events beyond the control of ACS, Xerox and Evercore, none of ACS, Xerox or Evercore assumes responsibility if future results are materially different from those forecast. The Class A merger consideration to be received by the holders of ACS Class A common stock pursuant to the merger agreement was determined through arm's length negotiations between ACS and Xerox and was recommended by the Strategic Transaction Committee and approved by the ACS board of directors. Evercore did not recommend any specific merger consideration to the Strategic Transaction Committee or that any given merger consideration constituted the only appropriate merger consideration.

Pursuant to its engagement letter, a fee of \$3,000,000 became payable to Evercore upon delivery of its fairness opinion. Upon completion of the merger, Evercore will receive an additional fee of approximately \$13,000,000. Such additional fee is subject to change depending on the actual transaction value. In addition, the Strategic Transaction Committee, in its sole discretion, may elect to cause ACS to pay a further fee to Evercore in connection with its engagement upon completion of the merger. Furthermore, ACS has agreed to reimburse certain of Evercore's expenses and to indemnify Evercore for certain liabilities arising out of its engagement.

Evercore is an internationally recognized investment banking and advisory firm. Evercore, as part of its investment banking business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, competitive biddings and valuations for corporate, estate and other purposes. In the ordinary course of its business, Evercore and its affiliates may from time to time trade in the securities or the indebtedness of ACS, Xerox and their affiliates or any currencies or commodities (or derivative thereof) for its own account, the accounts of investment funds and other clients under the management of Evercore and for the accounts of its customers and accordingly, may at any time hold a long or short position in such securities, indebtedness, currencies or commodities (or derivative thereof) for any such account. In the past, Evercore and its affiliates have provided financial advisory services for ACS but have not received fees for the rendering of these services.

ACS Unaudited Prospective Financial Information

ACS does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the review of the merger, ACS management prepared unaudited prospective financial information on a stand-alone, pre-merger basis. ACS is electing to provide the unaudited prospective financial information in this joint proxy statement/prospectus to provide the stockholders of ACS and Xerox access to

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certain non-public unaudited prospective financial information that was made available to the ACS board of directors, the Strategic Transaction Committee, the Xerox board of directors and ACS's and Xerox's financial advisors in connection with the merger. The unaudited prospective financial information was not prepared with a view toward public disclosure and the inclusion of this information should not be regarded as an indication that any of ACS, Xerox or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. None of ACS, Xerox or their respective affiliates assumes any responsibility for the accuracy of this information.

The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects and thus subject to interpretation. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made by the management of ACS with respect to industry performance and competition, general business, economic, market and financial conditions and matters specific to ACS's business, all of which are difficult to predict and many of which are beyond ACS's control. As a result, there can be no assurance that the unaudited prospective financial information will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. ACS stockholders and Xerox stockholders are urged to review ACS's most recent SEC filings for a description of risk factors with respect to ACS's business. See "Special Note Concerning Forward-Looking Statements" beginning on page 49 and "Where You Can Find More Information" beginning on page 177. The unaudited prospective financial information was not prepared with a view toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither ACS's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for the unaudited prospective financial information. Furthermore, the unaudited prospective financial information does not take into account any circumstance or event occurring after the date it was prepared.

The following table presents summary selected unaudited prospective financial information for the fiscal years ending 2010 through 2014, which is referred to in this joint proxy statement/prospectus (including in "Opinion of Financial Advisor to the Strategic Transaction Committee" beginning on page 87) as the ACS management projections:

	ACS Management Projections (in millions, except per share amounts)				
	2010	2011	2012	2013	2014
Revenue	\$ 6,999	\$ 7,496	\$ 8,065	\$ 8,700	\$ 9,392
Net Income	\$ 397	\$ 463	\$ 542	\$ 630	\$ 728
GAAP EPS	\$ 4.00	\$ 4.63	\$ 5.34	\$ 6.12	\$ 7.06

No assurances can be given that these assumptions will accurately reflect future conditions. In addition, although presented with numerical specificity, the above unaudited prospective financial information reflects numerous assumptions and estimates as to future events made by ACS's management that ACS's management believed were reasonable at the time the unaudited prospective financial information was prepared. The above unaudited prospective financial information does not give effect to the merger. ACS stockholders and Xerox stockholders are urged to review ACS's most recent SEC filings for a description of ACS's reported results of operations, financial condition and capital resources during 2009.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial information set forth above. No representation is made by ACS, Xerox, or any other person to any stockholder of ACS or any stockholder of Xerox regarding the ultimate performance of ACS compared to

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the information included in the above prospective financial information. The inclusion of unaudited prospective financial information in this joint proxy statement/prospectus should not be regarded as an indication that such prospective financial information will be an accurate prediction of future events nor construed as financial guidance, and they should not be relied on as such.

ACS DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE PROSPECTIVE FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.

Recommendation of the Xerox Board of Directors; Xerox's Reasons for the Merger

At a meeting held on September 27, 2009, the Xerox board of directors unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable and in the best interests of Xerox and its stockholders. **ACCORDINGLY, THE XEROX BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT XEROX STOCKHOLDERS VOTE FOR THE PROPOSAL TO ISSUE SHARES OF XEROX COMMON STOCK REQUIRED TO BE ISSUED TO ACS STOCKHOLDERS PURSUANT TO THE MERGER AGREEMENT.** In the course of reaching its recommendation, the Xerox board of directors consulted with senior management and Xerox's legal and financial advisors and considered various factors, including those listed below.

The Xerox board of directors considered the following positive factors relating to the merger:

the belief that the combination of Xerox and ACS will meaningfully deliver Xerox's strategic priorities in a single transaction and better enable Xerox to respond to both key opportunities in the services business and global growth markets and key challenges in the hardware business, such as increased competition and diminishing returns;

the expectation that the combination of Xerox's strengths in document technology and ACS's expertise in process management will create a global enterprise that can provide an expanded combination of products and support services for its customers;

the fact that Xerox will obtain immediate scale and capacity in business process outsourcing (BPO) services;

the expectation that the merger will provide Xerox with increased ability to aggressively capture global BPO growth opportunities through combined scale, scope, brand and reach;

the potential for significant revenue synergy opportunities through the use of each parties' corporate relationships and customer base;

the potential to scale ACS services through the use of Xerox's brand name;

the significant potential for cost savings, and resulting increase in earnings and cash flow, through consolidated corporate governance; reduced public company costs, reduced labor, shared BPO platform costs and improved logistics and infrastructure;

the fact that ACS's senior management entered into retention agreements with Xerox to continue as employees of Xerox post-merger;

the expectation that the merger will enhance Xerox's strategic posture in the market and position Xerox for long-term growth, accelerated margin expansion and earnings appreciation; and

the fact that the transaction is expected to be accretive as early as the first full calendar year on an adjusted earnings basis.

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In reaching its determination to approve the merger agreement and the merger, the Xerox board of directors also considered the following factors:

the review and analysis of ACS's financial condition, results of operations, business, reputation, risks and prospects, including the results of the business, financial, accounting and legal due diligence investigations of ACS;

current industry, economic and market conditions and trends, including ACS's competitive position;

that, because the exchange ratio under the merger agreement is fixed (will not be adjusted for fluctuations in the market price of Xerox common stock or ACS common stock), the per share value of the merger consideration to be paid to ACS stockholders on completion of the merger could be significantly more or less than its implied value immediately prior to the announcement of the merger agreement;

the terms and conditions of the merger agreement, including the possible payment of a termination fee to ACS under certain circumstances and the restrictions on the ability of Xerox to entertain third party acquisition proposals, which the Xerox board of directors considered reasonable in light of the context of the entire transaction and commercial practice;

the fact that stockholder approval of the transaction would be required from both ACS and Xerox and that approximately 43.6% of the voting power of ACS common stock is subject to a voting agreement with Xerox; and

the analyses, presentations and respective oral opinions of Xerox's financial advisors, Blackstone and J.P. Morgan, delivered on September 27, 2009, which opinions were confirmed by delivery of written opinions each dated as of that date to the Xerox board of directors, to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in such opinions, the aggregate consideration to be paid by Xerox in the merger was fair, from a financial point of view, to Xerox. The written opinions of Blackstone and J.P. Morgan are attached as Annexes E and F to this joint proxy statement/prospectus, respectively, and discussed in detail under "Opinions of Financial Advisors to Xerox" beginning on page 105.

The Xerox board of directors also considered a number of potentially negative factors in its deliberations considering the merger, including:

the possibility that the merger might not be completed as a result of the failure to obtain the required approval from ACS's stockholders or Xerox's stockholders, the failure by Xerox to obtain financing, or otherwise, and the effect the resulting termination of the merger agreement may have on the trading price of Xerox common stock and Xerox's operating results;

the risk that additional debt incurred in connection with the merger could have a negative impact on Xerox's ratings and operational flexibility;

the possible disruption to Xerox's business that may result from the merger, including the resulting distraction of the attention of Xerox's management, and the costs and expenses associated with completing the merger;

the risk that the potential benefits, synergies and cost savings sought in the merger will not be realized or will not be realized within the expected time period; and

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the risks described in the section entitled "Risk Factors" beginning on page 26.

This discussion of the information and factors considered by the Xerox board of directors in making its decision is not intended to be exhaustive but includes all material factors considered by the Xerox board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Xerox board of directors did not find it useful and did not attempt to assign

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any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement. In addition, individual members of the Xerox board of directors may have given differing weights to different factors.

The Xerox board of directors recognized that there can be no assurance about future results, including results expected or considered in the factors listed above. The Xerox board of directors concluded, however, that overall, the potential benefits of the mergers to Xerox and its stockholders outweighed the risks which are mentioned above.

This explanation of Xerox's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under "Special Note Concerning Forward-Looking Statements" beginning on page 49.

Opinions of Financial Advisors to Xerox

Xerox has retained Blackstone and J.P. Morgan as its financial advisors to advise the Xerox board of directors in connection with the merger. Blackstone and J.P. Morgan are collectively referred to herein as Xerox's Financial Advisors.

On September 27, 2009, at a meeting of the Xerox board of directors held to evaluate the proposed merger, Xerox's Financial Advisors delivered to the Xerox board of directors their respective oral opinions, which opinions were confirmed by delivery of written opinions each dated September 27, 2009, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in such opinions, the aggregate consideration to be paid by Xerox in the merger was fair, from a financial point of view, to Xerox.

The Blackstone opinion and the J.P. Morgan opinion, the full texts of which describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken, are attached as Annexes E and F, respectively, to this joint proxy statement/prospectus. The summaries of the Blackstone opinion and J.P. Morgan opinion described below are qualified in their entirety by reference to the full texts of the opinions.

The Blackstone Opinion

Pursuant to an engagement letter dated August 23, 2009, Xerox retained Blackstone to act as its financial advisor for the purpose of rendering to the Xerox board of directors an opinion as to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger. At the meeting of the Xerox board of directors on September 27, 2009, Blackstone rendered its oral opinion, subsequently confirmed in writing, to the Xerox board of directors to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in the Blackstone opinion, the aggregate consideration to be paid by Xerox in the merger was fair to Xerox from a financial point of view.

The full text of the written opinion of Blackstone, dated September 27, 2009, which sets forth the assumptions made, matters considered and limits on the review undertaken by Blackstone in rendering its opinion, is attached as Annex E to this joint proxy statement/prospectus. Xerox encourages its stockholders to read the opinion carefully in its entirety. The Blackstone opinion was limited to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger, and Blackstone expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Xerox or as to the underlying decision by Xerox to engage in the merger. The Blackstone opinion does not constitute a recommendation to any shareholder as to how such holder should vote with respect to the merger or other matter, and should not be relied upon by any shareholder as such. The summary of the Blackstone opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex E to this joint proxy statement/prospectus.

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In arriving at its opinion, Blackstone, among other things:

reviewed certain publicly available information concerning the business, financial condition, and operations of ACS and Xerox that Blackstone believed to be relevant to its inquiry;

reviewed certain internal information concerning the business, financial condition, and operations of ACS and Xerox prepared and furnished to Blackstone by the management of ACS and Xerox, respectively, that Blackstone believed to be relevant to its inquiry;

reviewed certain internal financial analyses, estimates and forecasts relating to ACS and Xerox prepared and furnished to Blackstone by the management of ACS and Xerox, respectively;

held discussions with members of senior management of ACS and Xerox concerning their respective evaluations of the merger and their businesses, operating and regulatory environments, financial conditions, prospects, and strategic objectives, as well as such other matters as Blackstone deemed necessary or appropriate for purposes of rendering its opinion;

reviewed the historical market prices and trading activity for the ACS Class A common stock and Xerox common stock;

compared certain publicly available financial and stock market data for ACS and Xerox with similar information for certain other publicly traded companies that Blackstone deemed to be relevant that it deemed to be generally comparable to the business of ACS and Xerox, respectively;

reviewed the publicly available financial terms of certain other business combinations in industries similar to those in which ACS participates and the consideration received for such companies that Blackstone believed to be generally relevant;

reviewed (i) a draft of the merger agreement dated September 27, 2009, (ii) a draft of the voting agreement dated September 27, 2009 and (iii) the terms and designations of the Xerox Convertible Preferred Stock as set forth in the draft of the certificate of amendment of the certificate of incorporation of Xerox dated September 27, 2009;

reviewed the potential pro forma impact of the merger on Xerox's revenues, cash flows and earnings (both before and after giving effect to the amortization of intangibles expected to result from the merger); and

performed such other financial studies, analyses and investigations, and considered such other matters as Blackstone deemed necessary or appropriate for purposes of rendering its opinion.

In preparing its opinion, at Xerox's direction, Blackstone relied without assuming responsibility or liability for independent verification upon the accuracy and completeness of all financial and other information that was available from public sources and all projections and other information provided to Blackstone by ACS and Xerox or otherwise discussed with or reviewed by or for Blackstone. Blackstone assumed with Xerox's consent that the financial and other projections and pro forma financial information prepared by ACS and Xerox and the assumptions underlying those projections and such pro forma information, including the amounts and the timing of all financial and other performance data, had been reasonably prepared in accordance with industry practice and represented management's best estimates and judgments as of the date of their preparation. Blackstone assumed at Xerox's direction no responsibility for and expressed no opinion as to such analyses or forecasts or the assumptions on which they are based. Blackstone further relied with Xerox's consent upon the assurances of the management of ACS and Xerox that they were not aware of any facts that would make the information and projections provided by them inaccurate, incomplete or misleading.

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In addition, at Xerox's direction Blackstone also relied, without assuming responsibility or liability for independent verification, upon the views of the management of ACS and Xerox relating to the strategic, financial and operational benefits and operating cost savings (including the amount, timing and achievability thereof) anticipated to result from the combination of the operations of ACS and Xerox.

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Blackstone was not asked to undertake, and did not undertake, an independent verification of any information, nor was Blackstone furnished with any such verification and Blackstone does not assume any responsibility or liability for the accuracy or completeness thereof. Blackstone did not conduct a physical inspection of any of the properties or assets of ACS or Xerox. Blackstone did not make an independent evaluation or appraisal of the assets or the liabilities (contingent or otherwise) of ACS or Xerox, nor was Blackstone furnished with any such evaluations or appraisals, nor did Blackstone evaluate the solvency of ACS or Xerox under any state or federal laws.

Blackstone also assumed with Xerox's consent that the final executed form of the merger agreement, the voting agreement and certificate of amendment to the certificate of incorporation of Xerox did not differ in any material respects from the drafts reviewed by Blackstone and that the completion of the merger will be effected in accordance with the terms and conditions of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary regulatory or third party consents and approvals (contractual or otherwise) for the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on ACS or Xerox or the contemplated benefits of the merger. In addition, at Xerox's direction, Blackstone assumed that the merger will qualify as a reorganization for U.S. federal income tax purposes and will have the tax consequences described in discussions with, and materials furnished to Blackstone by, representatives of Xerox. Blackstone is not a legal, tax or regulatory advisor and relied upon without independent verification the assessment of Xerox and its legal, tax and regulatory advisors with respect to such matters.

Blackstone did not consider the relative merits of the merger as compared to any other business plan, merger, acquisition or opportunity that might be available to Xerox or the effect of any other arrangement in which Xerox might engage. The Blackstone opinion is limited to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger, and Blackstone expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Xerox or as to the underlying decision by Xerox to engage in the merger. The Blackstone opinion did not address any other aspect or implication of the merger, the merger agreement, or any other agreement or understanding entered into in connection with the merger or otherwise. Blackstone also expressed no opinion as to the fairness of the amount or nature of any compensation to any officers, directors or employees of any party to the merger, or any class of such persons, relative to the aggregate consideration to be paid by Xerox in the merger or with respect to the fairness of any such compensation.

The Blackstone opinion was necessarily based upon economic, market, monetary, regulatory and other conditions as they exist and can be evaluated, and the information made available to Blackstone, as of the date of the opinion. Furthermore, Blackstone did not express any opinion as to the impact of the merger on the solvency or viability of Xerox (after giving effect to the merger) or the ability of Xerox (after giving effect to the merger) to pay its obligations when they become due or as to the price at which Xerox common stock or ACS Class A common stock will trade at any future time.

The Blackstone opinion does not constitute a recommendation to any shareholder as to how such holder should vote with respect to the merger or other matter, and should not be relied upon by any shareholder as such. Blackstone assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the opinion. The Blackstone opinion was approved by a fairness committee in accordance with established procedures.

As a part of its investment banking business, Blackstone and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Blackstone was selected as one of Xerox's Financial Advisors with respect to the merger on the basis of Blackstone's experience and its familiarity with Xerox and the industry in which Xerox operates.

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Pursuant to the engagement letter dated August 23, 2009, Xerox has agreed to pay Blackstone a fee for its services in the amount of \$20,000,000, of which \$2,500,000 was paid upon delivery of the Blackstone opinion and the balance of which is payable contingent upon completion of the merger. In addition, Xerox agreed to reimburse Blackstone for out-of-pocket expenses and to indemnify Blackstone for certain liabilities arising out of the performance of such services (including the rendering of its opinion). In addition, Blackstone has performed other investment banking and financial advisory services for Xerox and ACS in the past for which Blackstone received customary compensation. In the ordinary course of Blackstone and its affiliates' businesses, Blackstone and its affiliates may actively trade or hold the securities of ACS or Xerox or any of their affiliates for Blackstone's or ACS's or Xerox's account or for others and, accordingly, may at any time hold a long or short position in such securities.

The J.P. Morgan Opinion

Pursuant to an engagement letter dated August 25, 2009, Xerox retained J.P. Morgan to act as its financial advisor for the purpose of rendering to the Xerox board of directors an opinion as to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger. At the meeting of the Xerox board of directors on September 27, 2009, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, to the Xerox board of directors to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations set forth in the J.P. Morgan opinion, the aggregate consideration to be paid by Xerox in the merger was fair, from a financial point of view, to Xerox.

The full text of the written opinion of J.P. Morgan, dated September 27, 2009, which sets forth the assumptions made, matters considered and limits on the review undertaken by J.P. Morgan in rendering its opinion, is attached as Annex F to this joint proxy statement/prospectus. Xerox encourages its stockholders to read the opinion carefully in its entirety. The J.P. Morgan opinion was limited to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger, and J.P. Morgan expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Xerox or as to the underlying decision by Xerox to engage in the merger. The J.P. Morgan opinion does not constitute a recommendation to any shareholder of Xerox as to how such shareholder should vote with respect to the merger or any other matter. The summary of the J.P. Morgan opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex F to this joint proxy statement/prospectus.

In arriving at its opinion, J.P. Morgan, among other things:

reviewed drafts dated September 27, 2009 of the merger agreement and the voting agreement;

reviewed the terms and designations of the Xerox Convertible Preferred Stock as set forth in the draft dated September 27, 2009 of the certificate of amendment of the certificate of incorporation of Xerox;

reviewed certain publicly available business and financial information concerning ACS and Xerox and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration received for such companies;

compared the financial and operating performance of ACS and Xerox with publicly available information concerning certain other companies that J.P. Morgan deemed relevant and reviewed the current and historical market prices of ACS Class A common stock and Xerox common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by or at the direction of the managements of ACS and Xerox relating to their respective businesses, as well as the estimated

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amount and timing of the cost savings and related expenses and synergies expected to result from the merger, which we refer to in this proxy statement/prospectus as the Synergies ; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of this opinion.

J.P. Morgan also held discussions with certain members of the management of ACS and Xerox with respect to certain aspects of the merger, and the past and current business operations of ACS and Xerox, the financial condition and future prospects and operations of ACS and Xerox, the effects of the merger on the financial condition and future prospects of Xerox, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by ACS and Xerox or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor does J.P. Morgan assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of ACS or Xerox under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, including the Synergies, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of ACS and Xerox to which those analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will qualify as a reorganization for U.S. federal income tax purposes and will have the tax consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of Xerox, and will be completed as described in the merger agreement, and that the definitive merger agreement, voting agreement and certificate of amendment to the certificate of incorporation of Xerox would not differ in any material respects from the drafts of such documents furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by Xerox and ACS in the merger agreement and the related agreements will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and has relied on the assessments made by advisors to Xerox with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the completion of the merger will be obtained without any adverse effect on ACS or Xerox or on the contemplated benefits of the merger.

The J.P. Morgan opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of its opinion. Subsequent developments may affect the J.P. Morgan opinion and J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. The J.P. Morgan opinion was limited to the fairness, from a financial point of view, of the aggregate consideration to be paid by Xerox in the merger and J.P. Morgan expressed no opinion as to the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Xerox or as to the underlying decision by Xerox to engage in the merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to the aggregate consideration to be paid by Xerox in the merger or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which Xerox common stock or ACS Class A common stock will trade at any future time.

The issuance of the J.P. Morgan opinion was approved by a fairness opinion committee of J.P. Morgan. The J.P. Morgan opinion letter was provided to the Xerox board of directors in connection with and for the purposes of its evaluation of the merger. The J.P. Morgan opinion does not constitute a recommendation to any shareholder of Xerox as to how such shareholder should vote with respect to the merger or any other matter.

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As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. J.P. Morgan was selected as one of Xerox's Financial Advisors with respect to the merger on the basis of J.P. Morgan's experience and its familiarity with Xerox and the industry in which Xerox operates.

Pursuant to the engagement letter dated August 25, 2009, Xerox has agreed to pay J.P. Morgan a fee for its services in the amount of \$20,000,000, of which \$2,500,000 was paid upon delivery of the J.P. Morgan opinion and the balance of which is payable contingent upon completion of the merger. In addition, Xerox has agreed to indemnify J.P. Morgan for certain liabilities arising out of its engagement. During the two years preceding the date of this letter, J.P. Morgan and its affiliates have had commercial or investment banking relationships with Xerox for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included acting as joint bookrunner on two offerings of debt securities of Xerox in April 2008 and May 2009, respectively. In addition, J.P. Morgan's commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of Xerox, for which it receives customary compensation or other financial benefits. J.P. Morgan anticipates that it and its affiliates will arrange and/or provide financing to Xerox in connection with the merger, as more fully described under the section entitled "Description of Debt Financing" beginning on page 158, for which it will receive customary compensation. During the two years preceding delivery of the opinion, neither J.P. Morgan nor its affiliates have had any other significant financial advisory or other significant commercial or investment banking relationships with ACS. In the ordinary course of its businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Xerox or ACS for its own account or for the accounts of customers and, accordingly, J.P. Morgan may at any time hold long or short positions in such securities.

The type and amount of consideration payable in the merger was determined through negotiations between Xerox, ACS and, with respect to the Class B merger consideration, Mr. Deason, and the decision to enter into the merger was solely that of the Xerox board of directors. The Blackstone and J.P. Morgan opinions were only two of many factors considered by the Xerox board of directors in its evaluation of the merger and the opinions should not be viewed as determinative of the views of the Xerox board of directors or management with respect to the merger or the merger consideration.

In accordance with customary investment banking practice, Xerox's Financial Advisors employed generally accepted valuation methods in reaching their respective opinions. The following is a summary of the material financial analyses contained in the joint presentation that was made by Xerox's Financial Advisors to the Xerox board of directors on September 27, 2009 and that were utilized by Xerox's Financial Advisors in connection with providing their respective opinions. The financial analyses summarized below include information presented in tabular format. In order to fully understand Xerox's Financial Advisors' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Xerox's Financial Advisors' financial analyses. All market data used by Xerox's Financial Advisors in their analyses was as of September 25, 2009.

Transaction Overview

Based upon the closing price per share of Xerox common stock of \$9.02 on September 25, 2009, which was the last trading day prior to the public announcement of the merger, the exchange ratio of 4.935 shares of Xerox common stock per share of ACS common stock, and the cash consideration of \$18.60 per share of ACS common stock, Xerox's Financial Advisors noted that the implied aggregate value of the consideration to be paid by Xerox in the merger as of September 25, 2009 was approximately \$6.7 billion, or approximately \$63.11 per share of ACS common stock plus an additional \$300 million aggregate face amount of Xerox Convertible Preferred Stock for all ACS Class B common stock.

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ACS Analyses

Historical Share Price Analysis. Xerox's Financial Advisors noted that the low and high closing prices per share of ACS Class A common stock during the 52-week period ending on September 25, 2009 were approximately \$34.84 and \$52.30, compared to the closing price per share of ACS Class A common stock of \$47.25 on September 25, 2009.

Selected Companies Analysis. Using publicly available information and information provided by ACS management, Xerox's Financial Advisors compared selected financial data of ACS with the corresponding data for the following publicly traded companies:

Accenture plc

Automatic Data Processing, Inc.

Capita Group PLC

Convergys Corporation

CGI Group Inc.

DST Systems Inc.

Exlservice Holdings, Inc.

Genpact Ltd.

Hewitt Associates Inc.

Maximus, Inc.

Perot Systems Corp.

Pitney Bowes Inc.

WNS (Holdings) Ltd.

Xchanging UK Ltd.

In their analysis, Xerox's Financial Advisors derived and compared multiples for ACS and the selected companies, calculated as follows:

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the firm value as a multiple of estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, for calendar year 2010, which is referred to below as 2010E FV/EBITDA ;

the price per share divided by estimated earnings per share, or EPS, for calendar year 2010, which is referred to below as 2010E P/E ;
and

the price per share divided by estimated cash EPS, calculated as EPS adjusted to add back the expense associated with stock based compensation expense, for calendar year 2010, which is referred to below as 2010E Cash P/E.

This analysis indicated the following:

Selected Comparable Companies:

Benchmark	High	Low	Median
2010E FV/EBITDA	11.2x	4.8x	7.3x
2010E P/E	24.9x	9.0x	12.6x
2010E Cash P/E	17.5x	9.0x	13.4x

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Using a reference range of 5.0x to 7.0x ACS's 2010E FV/EBITDA, 11.0x to 16.5x ACS's 2010E P/E and 10.5x to 15.0x ACS's 2010E Cash P/E, Xerox's Financial Advisors determined a range of implied equity values. This analysis indicated a range of implied values per share of ACS common stock of approximately \$49.32 to \$71.55 using ACS's 2010E FV/EBITDA, \$48.47 to \$72.70 using ACS's 2010E P/E, and \$48.32 to \$69.02 using ACS's 2010E Cash P/E.

It should be noted that no company utilized in the analysis above is identical to ACS.

Selected Transactions Analysis. Using publicly available information, Xerox's Financial Advisors reviewed the following transactions involving companies in the information technology services, transaction processing and business process outsourcing industries. The transactions considered and the month and year each transaction was announced were as follows:

Acquiror	Target	Date Announced
Dell Inc.	Perot Systems Corp.	September 2009
Fidelity National Information Services Inc.	Metavante Technologies, Inc.	March 2009
HCL Technologies Ltd.	HCL Axon	September 2008
Serco	SI International	August 2008
BAE Systems plc	Detica Group plc	July 2008
Hewlett-Packard Company	Electronic Data Systems, LLC	May 2008
Royal KPN NV	Getronics NV	July 2007
Group Steria SCA	Xansa plc	July 2007
Thomas H. Lee Partners, L.P. and Fidelity National Financial, Inc.	Ceridian Corporation	May 2007
Computer Sciences Corporation	CSC Covansys Corporation	April 2007
Caritor, Inc.	Keane Inc.	February 2007
McKesson Corp.	Per-Se Technologies Inc.	November 2006
Cap Gemini S.A.	Kanbay International Inc.	October 2006
Logica PLC	WM-Data AB	August 2006
Wipro Technologies Ltd.	Infocrossing, Inc.	August 2006
One Equity Partners LLC	NCO Group Inc.	May 2006
Thomas H. Lee Partners, L.P. and Quadrangle Capital Partners	West Corporation	May 2006

In their analysis, Xerox's Financial Advisors reviewed the transaction enterprise value as a multiple of the target company's latest twelve months, or LTM EBITDA, immediately preceding announcement of the transaction, which is referred to below as Firm Value/LTM EBITDA.

This analysis indicated the following:

Benchmark	High	Low	Mean	Median
Firm Value/LTM EBITDA	20.6x	5.7x	12.6x	12.2x

Using a reference range of 7.0x to 14.0x ACS's LTM EBITDA, Xerox's Financial Advisors determined a range of implied equity values. This analysis indicated a range of implied values per share of ACS common stock of approximately \$63.25 to \$132.76.

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It should be noted that no company utilized in the analysis above is identical to ACS and no transaction is identical to the merger.

Discounted Cash Flow Analysis. Xerox's Financial Advisors conducted a discounted cash flow analysis for the purpose of determining the implied equity value per share for ACS common stock on a standalone basis, based on financial forecasts prepared by ACS management for the fiscal years 2010 through 2014 as well as an extrapolation of such forecasts prepared by Xerox management through calendar year 2019. Xerox's Financial Advisors calculated the unlevered free cash flows that ACS is expected to generate and then calculated an implied range of terminal values for ACS using a range of perpetuity growth rates for free cash flows from 1.5% to 2.5%. The unlevered free cash flows and the range of terminal values were then discounted to present value using a range of discount rates from 8.0% to 9.0%. The present value of the unlevered free cash flows and the range of terminal values were then adjusted for ACS's projected cash and total debt balances as of December 31, 2009. This analysis indicated a range of implied values per share of ACS common stock of approximately \$84.47 to \$112.47.

Xerox Analyses

Historical Share Price Analysis. Xerox's Financial Advisors noted that the low and high trading prices per share of Xerox common stock during the 52-week period ending on September 25, 2009 were approximately \$4.12 and \$12.40, compared to the closing price per share of Xerox common stock of \$9.02 on September 25, 2009.

Selected Companies Analysis. Using publicly available information and information provided by Xerox management, Xerox's Financial Advisors compared selected financial data of Xerox with a composite index consisting of the following publicly traded companies:

Canon Inc.

Cisco Systems Inc.

Dell Inc.

Eastman Kodak Co.

EMC Corporation

Hewlett-Packard Company

International Business Machines Corp.

Iron Mountain Inc.

Lexmark International Inc.

Oce N.V.

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Pitney Bowes Inc.

Ricoh Company, Ltd.

In their analysis, Xerox's Financial Advisors derived and compared multiples for Xerox and the selected companies, calculated as follows:

the firm value as a multiple of EBITDA for calendar year 2010, which is referred to below as 2010E FV/EBITDA ;

the price per share divided by estimated EPS for calendar year 2010, which is referred to below as 2010E P/E ; and

the price per share divided by estimated cash EPS, calculated as EPS adjusted to add back the expenses associated with stock based compensation expense and amortization of acquired intangibles, for calendar year 2010, which is referred to below as 2010E Cash P/E.

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This analysis indicated the following:

Selected Comparable Companies

Benchmark	High	Low	Median	Mean
2010E FV/EBITDA	10.4x	4.0x	6.9x	7.0x
2010E P/E	28.9x	10.2x	12.3x	16.1x
2010E Cash P/E	27.3x	10.2x	12.1x	16.0x

Using a reference range of 6.0x to 8.5x Xerox's 2010E FV/EBITDA, 12.0x to 14.0x Xerox's 2010E P/E and 11.0x to 13.0x Xerox's 2010E Cash P/E, Xerox's Financial Advisors determined a range of implied enterprise values for ACS, which were then adjusted for ACS's projected cash and total debt balances as of December 31, 2009 to determine a range of implied equity values. This analysis indicated a range of implied values per share of Xerox common stock of approximately \$6.05 to \$11.28 using Xerox's 2010E FV/EBITDA, \$8.95 to \$10.44 using Xerox's 2010E P/E, and \$9.43 to \$11.14 using Xerox's 2010E Cash P/E.

It should be noted that no company utilized in the analysis above is identical to Xerox.

Discounted Cash Flow Analysis. Xerox's Financial Advisors conducted a discounted cash flow analysis for the purpose of determining the implied fully diluted equity value per share for Xerox common stock on a standalone basis without giving effect to the proposed merger or any potential synergies, based on financial forecasts prepared by Xerox management for the fiscal years 2009 through 2019.

Xerox's Financial Advisors calculated the unlevered free cash flows that Xerox is expected to generate and then calculated an implied range of terminal values for Xerox using a range of perpetuity growth rates for free cash flows from 0.0% to 2.0%. The unlevered free cash flows and the range of terminal values were then discounted to present value using a range of discount rates from 9.0% to 10.5%. The present value of the unlevered free cash flows and the range of terminal values were then adjusted for Xerox's cash and total debt as of December 31, 2009. This analysis indicated a range of implied values per share of Xerox common stock of approximately \$8.51 to \$13.50.

Relative Valuation Analysis

Based upon the implied valuations for each of ACS and Xerox derived as described above under ACS Analyses Selected Companies Analysis, ACS Analyses Discounted Cash Flow Analysis, Xerox Analyses Selected Companies Analysis and Xerox Analyses Discounted Cash Flow Analysis, Xerox's Financial Advisors calculated a range of implied exchange ratios of a share ACS common stock to a share of Xerox common stock, and then compared that range of implied exchange ratios to the exchange ratio in the merger of 4.935 shares of Xerox common stock per share of ACS common stock.

For each of the analyses referred to above, Xerox's Financial Advisors calculated the ratio implied by dividing the low end of each implied equity value of ACS, less the aggregate amount of cash to be paid in the merger and the estimated market value of the Xerox Preferred Stock, by the high end of each implied equity value of Xerox. Xerox's Financial Advisors also calculated the ratio implied by dividing the high end of each implied equity value of ACS, less the aggregate amount of cash to be paid in the merger and the estimated market value of the Xerox Preferred Stock, by the low end of each implied equity value of Xerox.

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This analysis indicated the following implied exchange ratios (rounded to the nearest thousand), compared in each case to the exchange ratio in the merger of 4.935 shares of Xerox common stock per share of ACS common stock:

Comparison	Range of Implied Exchange Ratios	
Selected Companies Analysis		
2010E FV/EBITDA	2.415x	8.199x
2010E P/E	2.528x	5.676x
2010E Cash P/E	2.354x	4.993x
Discounted Cash Flow Analysis	4.636x	10.659x

Pro Forma Analysis

Xerox's Financial Advisors analyzed the potential pro forma impact of the merger on Xerox's estimated EPS for fiscal years 2010 and 2011 both on a GAAP basis, referred to below as GAAP EPS Accretion / (Dilution), and on an adjusted basis, referred to below as Adjusted EPS Accretion / (Dilution), which excludes the estimated impact of the amortization of acquired intangibles and estimated restructuring costs associated with the merger, in each case under the following alternative scenarios: (i) 50% of expected synergies realized, (ii) 75% of expected synergies realized, and (iii) 100% of expected synergies realized. In this analysis, fiscal year 2010 and 2011 earnings estimates for Xerox were based on earnings estimates prepared by Xerox management, and earnings estimates for Affiliated Computer Services for the same period were based on those prepared by Affiliated Computer Services management. In addition, the expected synergies were based on estimates prepared by Xerox management assuming a base case for expected cost savings and revenue synergies, as well as an upside case for expected cost savings and revenue synergies. For purposes of this analysis, the earnings estimates assumed that the merger would close on December 31, 2009. This analysis indicated the following:

	Base Case (Cost Savings and Revenue Synergies)		
	50% Synergies	75% Synergies	100% Synergies
2010 GAAP EPS Accretion / (Dilution) %	(20.3)%	(18.7)%	(17.1)%
2011 GAAP EPS Accretion / (Dilution) %	(18.4)%	(15.7)%	(13.0)%
2010 Adjusted EPS Accretion / (Dilution) %	0.5%	2.1%	3.7%
2011 Adjusted EPS Accretion / (Dilution) %	(1.8)%	1.1%	4.1%

	Upside Case (Cost Savings and Revenue Synergies)		
	50% Synergies	75% Synergies	100% Synergies
2010 GAAP EPS Accretion / (Dilution) %	(18.9)%	(16.6)%	(14.3)%
2011 GAAP EPS Accretion / (Dilution) %	(16.1)%	(12.2)%	(8.3)%
2010 Adjusted EPS Accretion / (Dilution) %	2.1%	4.6%	7.0%
2011 Adjusted EPS Accretion / (Dilution) %	0.9%	5.2%	9.5%

Miscellaneous

The summary set forth above does not purport to be a complete description of the analyses or data utilized by Xerox's Financial Advisors. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Xerox's Financial Advisors believe that the summary set forth above and their analyses must be considered as a whole and that selecting portions thereof, without considering all of their analyses, could create an incomplete view of the processes underlying their analyses and respective opinions. Accordingly, the conclusions reached by Xerox's Financial Advisors are based on all analyses and factors taken as a whole and also on the application of Xerox's Financial Advisors own experience and judgment. The other principal assumptions upon which Xerox's Financial Advisors based their analyses are

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set forth above under the description of each analysis. Xerox's Financial Advisors' analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may be higher or lower than those indicated. Moreover, Xerox's Financial Advisors' analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold.

Xerox Unaudited Prospective Financial Information

Xerox does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the review of the merger, Xerox management prepared unaudited prospective financial information on a stand-alone, pre-merger basis. Xerox is electing to provide the unaudited prospective financial information in this joint proxy statement/prospectus to provide the stockholders of Xerox and ACS access to certain non-public unaudited prospective financial information that was made available to the Xerox board of directors, the ACS board of directors, the Strategic Transaction Committee and ACS's and Xerox's financial advisors in connection with the merger. The unaudited prospective financial information was not prepared with a view toward public disclosure and the inclusion of this information should not be regarded as an indication that any of Xerox, ACS or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. None of Xerox, ACS or their respective affiliates assumes any responsibility for the accuracy of this information.

The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects and thus subject to interpretation. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made by the management of Xerox with respect to industry performance and competition, general business, economic, market and financial conditions and matters specific to Xerox's business, all of which are difficult to predict and many of which are beyond Xerox's control. As a result, there can be no assurance that the unaudited prospective financial information will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. Xerox stockholders and ACS stockholders are urged to review Xerox's most recent SEC filings for a description of risk factors with respect to Xerox's business. See Special Note Concerning Forward-Looking Statements beginning on page 49 and Where You Can Find More Information beginning on page 177. The unaudited prospective financial information was not prepared with a view toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither Xerox's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for the unaudited prospective financial information. Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared.

The following table presents summary selected unaudited prospective financial information as of September 2009 for the fiscal years ending 2009 through 2014, which is referred to in this joint proxy statement/prospectus (including in Opinions of Financial Advisors to Xerox beginning on page 105) as the Xerox management projections:

	Xerox Management Projections					2014
	(in millions, except per share amounts)					
	2009	2010	2011	2012	2013	
Revenue	\$ 14,870	\$ 15,050	\$ 15,480	\$ 15,995	\$ 16,625	\$ 17,345
Net Income	\$ 470	\$ 660	\$ 770	\$ 850	\$ 960	\$ 1,065
GAAP EPS	\$ 0.55	\$ 0.75	\$ 0.85	\$ 1.00	\$ 1.25	\$ 1.50

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No assurances can be given that these assumptions will accurately reflect future conditions. In addition, although presented with numerical specificity, the above unaudited prospective financial information reflects numerous assumptions and estimates as to future events made by Xerox's management that Xerox's management believed were reasonable at the time the unaudited prospective financial information was prepared. The above unaudited prospective financial information does not give effect to the merger. Xerox stockholders and ACS stockholders are urged to review Xerox's most recent SEC filings for a description of Xerox's reported results of operations, financial condition and capital resources during 2009.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial information set forth above. No representation is made by Xerox, ACS, or any other person to any stockholder of Xerox or any stockholder of ACS regarding the ultimate performance of Xerox compared to the information included in the above prospective financial information. The inclusion of unaudited prospective financial information in this joint proxy statement/prospectus should not be regarded as an indication that such prospective financial information will be an accurate prediction of future events nor construed as financial guidance, and they should not be relied on as such.

XEROX DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE PROSPECTIVE FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH PROSPECTIVE FINANCIAL INFORMATION ARE NO LONGER APPROPRIATE.

Interests of ACS's Directors and Executive Officers in the Transaction

In considering the recommendation of the ACS board of directors that you vote to adopt the merger agreement, you should be aware that aside from their interests as ACS stockholders, ACS's directors and executive officers have financial interests in the merger that are different from those of other ACS stockholders. The members of the ACS board of directors and the Strategic Transaction Committee were aware of and considered these potential interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the stockholders that the merger agreement be adopted.

As described in more detail below, these interests include:

Mr. Deason's receipt of the Convertible Preferred Stock Consideration (as defined below);

Mr. Deason's receipt of certain payments and benefits under the Deason Employment Separation Agreement and the Existing Deason Employment Agreement (each as defined below);

Mr. Deason's receipt of benefits under the Stockholder Party Agreement (as defined below);

ACS's executive officers receipt of certain benefits under the Executive Agreements (as defined below) and their becoming officers or employees of Xerox after the transaction;

Accelerated vesting of certain stock options held by ACS's directors and executive officers; and

Xerox's agreement to indemnify each present and former ACS director and officer against liabilities arising out of that person's services as a director or officer, and to maintain directors and officers liability insurance for a period of six years after the completion of the merger to cover ACS's directors and officers, subject to certain limitations.

Mr. Deason's Interests in the Transaction

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The Convertible Preferred Stock Consideration. As additional consideration for each of his shares of ACS Class B common stock, Mr. Deason will receive a fraction of a share of Xerox Convertible Preferred Stock equal to (x) 300,000 divided by (y) the number of shares of Class B common stock of ACS issued and outstanding as

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of the completion of the merger, which we refer to in this joint proxy statement/prospectus as the Convertible Preferred Stock Consideration. Each share of Xerox Convertible Preferred Stock is anticipated to carry an annual cumulative dividend of 8% (subject to increase in specified circumstances on the date of issuance) on its \$1,000 liquidation value. Additionally, each share of Xerox Convertible Preferred Stock may be converted at any time, at the option of the holder, into 89.8876 shares of Xerox common stock (which reflects an initial conversion price of approximately \$11.125 per share of Xerox common stock, which is a 25% premium over \$8.90 (which was the average closing price of the Xerox common stock over the 7-trading day period ended on September 14, 2009 and the number we used for calculating the exchange ratio in the merger agreement)), subject to customary anti-dilution adjustments. On or after the fifth anniversary of the issue date, Xerox will have the right, at its option, to cause, under certain circumstances, any or all of the Xerox Convertible Preferred Stock to be converted into shares of Xerox common stock at the then applicable conversion rate. As of the close of business on the ACS record date, there were [] shares of ACS Class B common stock outstanding.

The Deason Employment Separation Agreement. On August 6, 1997, in connection with a transaction between ACS and Computer DataSystems, Inc. pursuant to which Mr. Deason's voting power would decrease from approximately 68% to 46%, and following the review and approval by ACS's board, ACS entered into a severance agreement with Mr. Deason, which we refer to in this joint proxy statement/prospectus as the 1997 Severance Agreement. On February 16, 1999, the 1997 Severance Agreement was replaced by an employment agreement, which we refer to in this joint proxy statement/prospectus as the 1999 Deason Employment Agreement, which was approved by ACS's board. The 1999 Deason Employment Agreement provided that Mr. Deason would serve as Chairman of the board for a five-year term, which five-year term was automatically extended every year unless the board of directors unanimously voted otherwise. Accordingly, upon a change of control, Mr. Deason would continue to serve as chairman of the resulting entity for no less than five years. The 1999 Deason Employment Agreement also gave Mr. Deason sole authority over (i) certain corporate governance rights and (ii) certain acquisitions and expenditures. In December 2007, at the request of ACS's board of directors to enhance ACS's corporate governance practices, Mr. Deason agreed (i) to limit the voting power of his then outstanding shares of ACS common stock to 45% and (ii) to relinquish his sole authority to (A) select and appoint certain executive officers, including the chief executive officer and chief financial officer, (B) recommend directors for election to, or removal from, the board of directors and (C) recommend to the compensation committee of the board of directors, salary, bonus, stock option and other compensation matters for certain executive officers. In December 2008, Mr. Deason's employment agreement was further amended to satisfy the requirements of Section 409A (which agreement, as amended to the date of the merger agreement, we refer to in this joint proxy statement/prospectus as the Existing Deason Employment Agreement).

In connection with the merger, ACS, Xerox and Mr. Deason entered into a separation agreement, which we refer to in this joint proxy statement/prospectus as the Deason Employment Separation Agreement, modifying the terms of the Existing Deason Employment Agreement. The Deason Employment Separation Agreement generally preserves Mr. Deason's rights under the Existing Deason Employment Agreement, which will have no further force and effect upon the completion of the merger; *provided, that*, Mr. Deason has agreed to resign as Chairman of ACS upon completion of the merger, relinquishing his right to continue as chairman of the surviving entity of the merger for the ensuing five-year period. The Deason Employment Separation Agreement becomes effective upon completion of the merger and provides that until May 18, 2014, Mr. Deason will receive (i) base salary and annual bonus continuation payments, at his current annual rate of base salary and at his current target annual bonus, (ii) health and welfare benefits (subject to earlier cessation of such health and welfare benefits if Mr. Deason becomes employed by a new employer in certain circumstances), (iii) outplacement counseling, (iv) home office support and (v) subject to certain limitations, his current perquisites and fringe benefits. The Deason Employment Separation Agreement retains Mr. Deason's right to a golden parachute excise tax gross-up payment (which he is already entitled to receive pursuant to the Existing Deason Employment Agreement).

In addition, Mr. Deason will be entitled to continued directors and officers liability insurance through May 18, 2014 (and throughout the period of any applicable statute of limitation), payment of any unpaid compensation previously earned by Mr. Deason, additional service and age credits through May 18, 2014 for

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purposes of determining eligibility under ACS's post-retirement welfare benefits, to be reimbursed for any incremental taxation he incurs on such entitlements by virtue of no longer being an employee, and tax gross-up payments for any golden parachute excise taxes incurred by him pursuant to Section 4999 of the Code. Assuming the merger is completed on December 31, 2009 and Mr. Deason resigns immediately thereafter, over the duration of the agreement, the aggregate estimated value of Mr. Deason's base salary, annual bonus continuation payments, health and welfare benefits, the continuation of his current perquisites and fringe benefits, his directors and officers liability insurance, additional age and service credits for purposes of eligibility for post-retirement welfare benefits and reimbursement for incremental taxation on such entitlements (excluding any tax gross-up payments for any golden parachute excise taxes incurred by him pursuant to Section 4999 of the Code) is \$41,399,842. Pursuant to the Deason Employment Separation Agreement, Mr. Deason is subject to a confidentiality covenant until the second anniversary of the completion of the merger. Also, pursuant to the Existing Deason Employment Agreement, Mr. Deason became entitled to a change of control payment of \$11,043,867 as well as payment of all amounts earned but unpaid to him and of all compensation previously deferred but not yet paid to him upon the approval of the merger by the ACS board of directors. Upon completion of the merger, a portion of such payment may be characterized as an excess parachute payment subject to excise taxes under Section 4999 of the Code. The Deason Employment Separation Agreement will entitle Mr. Deason to a gross-up payment with respect to such taxes, as described above, which he is currently entitled to receive pursuant to the Existing Deason Employment Agreement. In connection with the payments made to him under the Existing Deason Employment Agreement and the Deason Employment Separation Agreement, Mr. Deason is expected to be entitled to a gross-up payment of approximately \$17,458,854.

The Stockholder Party Agreement. In connection with the merger, Mr. Deason and Xerox also entered into the Stockholder Party Agreement, dated September 27, 2009, which we refer to in this joint proxy statement/prospectus as the Stockholder Party Agreement. Pursuant to the Stockholder Party Agreement, Xerox and Mr. Deason have agreed to share equally certain tax liabilities and tax benefits, if any, that may arise from the merger related to Mr. Deason. In addition, Xerox has agreed to indemnify Mr. Deason for certain costs and expenses incurred in connection with administering certain tax matters related to the merger.

Senior Executive Agreements

ACS and Xerox entered into Senior Executive Agreements, dated September 27, 2009 (which we refer to in this joint proxy statement/prospectus as the Executive Agreements), with each of Lynn Blodgett, Kevin Kyser, John Rexford, Tom Burlin, Tom Blodgett, David Amoriell, Joseph Doherty, Connie Harvey, Derrell James, Tas Panos, Ann Vezina and Lora Villarreal. Pursuant to these Executive Agreements, each executive officer will, for three years following completion of the merger, have such title, duties and responsibilities as such executive officer had on the date of execution of the Executive Agreements, and the executive officer's primary place of employment will be within a reasonable commuting distance of the location of the executive officer's primary place of employment as of September 27, 2009 (except that Lynn Blodgett's primary place of employment will be in the greater Salt Lake City metropolitan area). The Executive Agreements also provide for the executive officer's base salary and target bonus opportunity, health and welfare benefits during continued employment through the end of 2012 (and continued health and welfare benefits coverage through the earlier of the third anniversary of the merger or the date the executive officer becomes employed by a new employer, in the event of a termination of employment without cause or for good reason (as such terms are defined in the applicable Executive Agreement) prior to the third anniversary of the merger), participation in Xerox's equity incentive plans during continued employment, outplacement services for one year in the event of termination of employment without cause or for good reason prior to the third anniversary of the merger, continued directors and officers liability insurance until the fifth anniversary of the merger and a golden parachute excise tax gross-up payment (which each executive officer is already entitled to receive pursuant to his or her employment agreement or change of control agreement with ACS). Further, following the third anniversary of the completion of the merger, the executive officer will become eligible to participate in Xerox's severance plans.

The Executive Agreements provide that the executive officer will be eligible to receive aggregate merger cash payments generally equal to the payments each executive officer would have otherwise been entitled to

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receive immediately upon the completion of the merger under his or her prior change of control agreement with ACS (or in the case of Lynn Blodgett, under his prior employment agreement with ACS). In consideration for the compensation and benefits specified in the Executive Agreements, each executive officer agreed to delay receipt of these payments and condition the payments on additional restrictions related to continued employment and further agreed that his or her prior change of control agreement with ACS (or in the case of Lynn Blodgett, his prior employment agreement with ACS) would have no further force and effect upon the completion of the merger. The merger cash payments were generally calculated to equal the sum of (i) three times the sum of the executive officer's base salary as of the date of the merger agreement and actual bonus for the 2009 fiscal year (which we refer to in this joint proxy statement/prospectus as the **Prior Compensation Payment**), plus (ii) an amount equal to a pro-rata portion of the executive officer's target annual bonus, based upon the percentage of the fiscal year that has expired as of the date the merger is completed (which we refer to in this joint proxy statement/prospectus as the **Pro-Rata Bonus Component**). Subject to his or her continued employment through the applicable payment dates, each executive officer will be eligible to receive merger cash payments based on the amounts set forth in the following table.

Executive Officer	Prior Compensation Payment	Pro-Rata Bonus Component(1)
Lynn Blodgett	\$ 5,013,300	\$ 1,700,000
Kevin Kyser	\$ 2,224,605	\$ 645,000
John Rexford	\$ 2,664,354	\$ 772,500
Tom Burlin	\$ 3,104,100	\$ 900,000
Tom Blodgett	\$ 2,835,129	\$ 900,000
David Amoriell	\$ 1,839,039	\$ 675,000
Joseph Doherty	\$ 2,069,400	\$ 600,000
Connie Harvey	\$ 1,653,678	\$ 570,000
Derrell James	\$ 2,198,739	\$ 637,500
Tas Panos	\$ 2,069,400	\$ 600,000
Ann Vezina	\$ 2,664,354	\$ 772,500
Lora Villarreal	\$ 1,293,375	\$ 375,000

- (1) Only a pro-rata portion of the target annual bonus will be included in the merger cash payment calculation based upon the percentage of the fiscal year that expires as of the date the merger is completed.

Subject to the executive officer's continued employment, 50% of the merger cash payments will be paid upon the second anniversary of the completion of the merger and 50% will be paid upon the third anniversary of the completion of the merger (except for Mr. Kyser's payments, which will be paid in three equal installments on each of the first three anniversaries of the completion of the merger). However, if the executive officer's employment is terminated without cause or for good reason, or due to death or disability (as such terms are defined in the applicable Executive Agreement), any unpaid portion of such payments will be accelerated to the date of termination, subject to the executive officer's execution of a release of claims.

In addition, with respect to stock options to purchase ACS common stock granted to each of the executive officers in August 2009 (which will be converted into stock options to purchase Xerox common stock pursuant to the merger agreement), each executive officer agreed to waive accelerated vesting of such stock options, and they will instead vest according to their regular vesting schedule, subject to accelerated vesting on the third anniversary of the completion of the merger upon the achievement of certain performance goals. However, if the executive officer's employment is terminated without cause or for good reason, or due to death or disability (as such terms are defined in the applicable Executive Agreement), all of these outstanding options will become immediately vested and exercisable. The number of unvested stock options granted in August 2009 held by each executive officer is described under **Stock Options** below.

Additionally, the Executive Agreements provide for an initial grant of performance shares with respect to Xerox common stock. The target value of the performance shares will equal each executive officer's annual rate

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of base salary, and the performance shares will vest upon the third anniversary of the completion of the merger, subject to achieving specified performance goals and the executive officer's continued employment through the third anniversary of the completion of the merger. However, if the executive officer's employment is terminated without cause or by such executive officer for good reason, or due to disability (as such terms are defined in the applicable award agreement), the executive officer is entitled to vest in a pro-rated portion of the performance shares based on the actual performance achieved, and if the executive officer's employment terminates due to death, the executive officer is entitled to vest in all of the performance shares as if the target performance had been achieved.

The Executive Agreements further provide that each executive officer is subject to (i) a confidentiality covenant, effective at all times, (ii) a non-competition covenant, effective for the period commencing upon the completion of the merger and continuing for one year following the executive officer's date of termination of employment with the surviving entity for any reason that occurs prior to the third anniversary of the completion of the merger, and (iii) a non-solicitation of employees and customers covenant, effective for the period commencing upon the completion of the merger and continuing until one year following the executive officer's date of termination of employment with the surviving entity for any reason.

Based on compensation and benefit levels as of September 30, 2009 and the amounts described in the Executive Agreements, and assuming the merger is completed on December 31, 2009 and the executive officer experiences a simultaneous involuntary termination of employment by Xerox without cause or by the executive officer for good reason, or due to death or disability, each executive officer will be entitled to receive the following cash severance payments and other benefits in connection with the termination of his or her employment (other than Mr. Deason, whose payments and benefits are described under Mr. Deason's Interests in the Transaction The Deason Employment Separation Agreement above, and excluding the value of unvested August 2009 stock options described under Stock Options below).

Executive Officer	Acceleration of Merger		Value of Other	Golden Parachute
	Cash Payments	Benefits(1)		Gross-Up Payment(2)
Lynn Blodgett	\$5,870,286	\$101,898		
Kevin Kyser	\$2,549,756	\$96,000		\$1,358,047
John Rexford	\$3,053,779	\$100,455		
Tom Burlin	\$3,557,799	\$99,426		\$1,998,549
Tom Blodgett	\$3,288,828	\$105,351		
David Amoriell	\$2,179,313	\$65,292		\$1,416,354
Joseph Doherty	\$2,371,866	\$91,914		\$1,563,824
Connie Harvey	\$1,941,020	\$94,149		\$1,268,563
Derrell James	\$2,520,109	\$102,645		\$1,269,024
Tas Panos	\$2,371,866	\$88,749		\$1,288,092
Ann Vezina	\$3,053,779	\$96,345		\$1,780,627
Lora Villarreal	\$1,482,416	\$104,745		\$708,231

- (1) Includes the value of continuation of welfare benefits and post-termination outplacement services.
- (2) The Golden Parachute Gross-Up Payment assumes that the executive officer experiences an involuntary termination of employment by Xerox without cause or by the executive officer for good reason, or due to death or disability on December 31, 2009; however, if the executive officer remains employed through the merger cash payment dates in the Executive Agreement (or the vesting dates for the August 2009 stock option agreement), all or some portion of such payments and benefits may not be deemed to be parachute payments or amounts and the Golden Parachute Gross-Up Payment in the chart above could be significantly reduced. For purposes of this calculation, the Golden Parachute Gross-Up Payment includes the value of a tax gross-up payment for any golden parachute excise taxes incurred by the executive officer pursuant to Section 4999 of the Code with respect to the acceleration of merger cash payments, the value of other benefits, as well as the acceleration of vesting of the executive officer's unvested August 2009 stock options, assuming that, on December 31, 2009, Xerox's stock price is \$9.02.

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The merger agreement provides that, upon completion of the merger, in accordance with ACS's current stock option plan, ACS stock options that are then outstanding (other than stock options that were granted in August 2009) will vest and become immediately exercisable in full and will become stock options with respect to shares of Xerox common stock based on the Option Exchange Ratio. Assuming a closing date of the merger of December 31, 2009, the number of unvested stock options held by Messrs. Deason, Lynn Blodgett, Kevin Kyser, John Rexford, Tom Burlin, Tom Blodgett, seven other ACS executive officers as a group and ACS's five non-employee directors (as a group) that will vest and become immediately exercisable in full are approximately 0; 372,000; 131,000; 155,000; 180,000; 195,200; 635,400 and 141,667 respectively. For additional information on the effect of the merger on stock options held by ACS's directors and officers, see "The Merger Agreement Treatment of Stock Options" beginning on page 134.

Based on the August 2009 unvested stock option holdings of each of the executive officers, and assuming the merger is completed on December 31, 2009 and the executive officer experiences a simultaneous involuntary termination of employment by Xerox without cause or by the executive officer for good reason, or due to death or disability, the following table sets forth for each of the executive officers the amount that such individual would receive in respect of vesting under the Executive Agreements of unvested August 2009 stock options that are currently outstanding and expected to be outstanding as of December 31, 2009. Mr. Deason is not included in the following table because he does not hold any ACS stock options. Amounts are based on the assumption that the aggregate merger consideration equals \$[] and calculated assuming that each of the August 2009 stock options is immediately exercised and shares underlying the stock option are immediately sold. Actual amounts may be higher or lower depending on the aggregate value of the merger consideration on December 31, 2009. Depending on when the merger is completed, certain August 2009 stock options shown as unvested in the table below may become vested in accordance with their terms without regard to the merger.

Executive Officer	Number of Unvested August 2009 Stock Options
Lynn Blodgett	300,000
Kevin Kyser	100,000
John Rexford	100,000
Tom Burlin	75,000
Tom Blodgett	75,000
David Amoriell	50,000
Joseph Doherty	75,000
Connie Harvey	100,000
Derrell James	75,000
Tas Panos	50,000
Ann Vezina	100,000
Lora Villarreal	50,000

Director and Officer Indemnification and Insurance

From and after the completion of the merger, Xerox will assume and honor the obligations with respect to all rights to indemnification and exculpation from liabilities as the same existed as of the date of the merger agreement, including advancement of expenses, for acts or omissions occurring at or prior to the completion of the merger now existing in favor of the current or former directors or officers of ACS.

In addition, for six years after the completion of the merger, Xerox will maintain a directors and officers insurance policy covering each person currently covered by ACS's directors and officers insurance policy on terms with respect to such coverage and amounts no less favorable than the directors and officers insurance policy maintained by ACS on the date of the merger agreement.

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Xerox's Board of Directors and Management after the Merger

The Xerox board of directors is not expected to change in connection with the completion of the merger. Following the merger, one or more of the executive officers of ACS will become executive officers of Xerox.

Manner and Procedure for Exchanging Shares of ACS Common Stock; No Fractional Shares

The conversion of shares of ACS common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after the effective time of the merger, Xerox's exchange agent will send to each holder of record of a certificate whose shares of ACS common stock were converted into the right to receive the merger consideration, a letter of transmittal. The letter of transmittal will specify that delivery shall be effected, and risk of loss and title to the certificates shall pass, only upon proper delivery of the certificates to the exchange agent. The letter of transmittal will be accompanied by instructions for obtaining the merger consideration, including Xerox common stock (which will be issued in uncertificated book-entry form unless a physical certificate is requested by such holder of record), if applicable, Xerox Convertible Preferred Stock (which will be issued in uncertificated book-entry form unless a physical certificate is requested by such holder of record), the cash portion of the merger consideration, any dividends or distributions payable pursuant to the merger agreement and cash for any fractional shares of Xerox common stock, in exchange for shares of ACS common stock. ACS stockholders should not return stock certificates with the enclosed proxy card.

After the effective time of the merger, shares of ACS common stock will no longer be outstanding, will be automatically canceled and will cease to exist and each certificate that previously represented shares of ACS common stock will represent only the right to receive the merger consideration as described above.

Until holders of certificates previously representing ACS common stock have surrendered those certificates to the exchange agent for exchange, those holders will not receive dividends or distributions on the shares of Xerox common stock into which those shares have been converted with a record date after the effective time of the merger. When holders surrender those certificates, they will receive any dividends on shares of Xerox common stock with a record date after the effective time of the merger and a payment date on or prior to the date of surrender.

Any holder of book-entry shares will not be required to deliver a certificate or an executed letter of transmittal to the exchange agent to receive the merger consideration that such holder is entitled to receive pursuant to the merger agreement.

In lieu thereof, each holder of record of one or more book-entry shares whose shares of ACS common stock were converted into the right to receive the merger consideration shall automatically, upon the effective time of the merger, be entitled to receive, and Xerox shall cause the exchange agent to pay and deliver as promptly as practicable after the effective time, the amount of cash to which such holder is entitled, shares of Xerox common stock (in uncertificated book-entry form representing the whole number of shares that such holder has the right to receive unless a physical certificate is requested by such holder of record), shares of Xerox Convertible Preferred Stock (in an uncertificated book-entry form unless a physical certificate is requested by such holder of record), any dividends or distributions payable and cash in lieu of any fractional shares. The book-entry shares of ACS common stock held by such holder shall be canceled.

ACS stockholders will not receive any fractional shares of Xerox common stock pursuant to the merger. Instead of any fractional shares, stockholders will be paid an amount in cash for such fraction calculated by multiplying (i) the fractional share interest to which such holder (after taking into account all shares of ACS common stock formerly represented by all certificates surrendered by such holder and all book-entry shares formerly held by such holder that are converted) would otherwise be entitled by (ii) the per share closing price of Xerox common stock on the last trading day immediately prior to the closing of the merger, as such price is reported on the screen entitled "Comp/CLOSE/PRICE" on Bloomberg (or such other source as the parties shall agree in writing).

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Governmental and Regulatory Approvals

Xerox and ACS have agreed to use their reasonable best efforts to obtain all governmental and regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval under, or notices pursuant to, the HSR Act and the EC Merger Regulation. Subject to the terms and conditions of the merger agreement, Xerox and ACS have also agreed to (i) use reasonable best efforts to resolve any objections asserted by a governmental entity with respect to the merger, defend any litigation or proceedings instituted by a governmental entity challenging the merger under applicable antitrust laws, or to have vacated any order issued enjoining the merger under applicable antitrust laws and (ii) not acquire or agree to acquire any business, person or division thereof, or assets if entry into a definitive agreement relating to or the consummation of such acquisition would be reasonably likely to result in not obtaining the necessary regulatory approvals and clearances to complete the merger.

U.S. Antitrust Filing

Under the HSR Act the merger may not be completed unless the parties to the transaction file notification and report forms with the Antitrust Division of the DOJ and the FTC and the applicable waiting period has either expired or been earlier terminated. Xerox and ACS filed the required HSR notification and report forms on October 15, 2009, and the HSR waiting period expired on November 16, 2009.

European Union

Both Xerox and ACS sell products to customers based in the European Union. The EC Merger Regulation (Regulation 139 of 2004) requires notification of and approval by the European Commission of mergers or acquisitions involving parties with worldwide sales and European Union sales exceeding given thresholds. Xerox and ACS plan to file a formal notification of the merger with the European Commission at the appropriate time. The European Commission will have 25 business days after receipt of such formal notification, which period may be extended by the European Commission in certain circumstances, to issue its decision regarding the merger.

United Kingdom

ACS has two subsidiaries which are regulated by the FSA. As a result of the merger, Xerox will acquire control over these regulated subsidiaries. Although not a condition to the completion of the merger, the Financial Services and Markets Act 2000 requires prior approval by the FSA of the change in control over FSA-regulated entities. Xerox filed the required change in controller application on November 23, 2009. The FSA has up to 60 working days after receipt of the application to issue its decision, which period may be extended by the FSA in certain circumstances.

Other Regulatory Filings

In addition, although not a condition to the completion of the merger, Xerox and ACS have agreed to use their reasonable best efforts to make necessary registrations, notices and filings in additional jurisdictions (see The Merger Agreement Covenants and Agreements beginning on page 137). Xerox and ACS made the competition filing required under the laws of Brazil on October 19, 2009.

Timing

Xerox and ACS cannot assure you that all of the regulatory approvals described above will be obtained and, if obtained, Xerox and ACS cannot assure you as to the timing of any approvals, the ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. Xerox and ACS also cannot assure you that the DOJ, the FTC or any state attorney general will not attempt to challenge the merger on antitrust grounds, and, if such a challenge is made, Xerox and ACS cannot assure you as to its result.

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Xerox and ACS are not aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Merger Expenses, Fees and Costs

All fees and expenses incurred by Xerox and ACS in connection with the merger agreement and the related transactions will be paid by the party incurring those fees or expenses, whether or not the merger is completed, except that Xerox and ACS have agreed to share equally the expenses incurred in connection with the printing and mailing of Xerox's registration statement on Form S-4 and this joint proxy statement/prospectus and in connection with notices or other filings with any governmental entities under any antitrust laws.

Material U.S. Federal Income Tax Consequences

The following summary describes the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of ACS Class A common stock. The following summary is based upon the Code, its legislative history, existing and proposed regulations thereunder and published rulings and decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to the income tax, or federal laws applicable to alternative minimum taxes, are not addressed in this document.

For purposes of this discussion, we use the term "U.S. holder" to mean:

a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions;

a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income taxation on its income regardless of its source.

This discussion addresses only those holders of ACS Class A common stock that hold their ACS Class A common stock as a capital asset within the meaning of Section 1221 of the Code and does not address all the U.S. federal income tax consequences that may be relevant to particular holders of ACS Class A common stock in light of their individual circumstances or to holders of ACS Class A common stock that are subject to special rules, such as:

financial institutions;

investors in pass-through entities;

insurance companies;

tax-exempt organizations;

dealers in securities or currencies;

traders in securities that elect to use a mark to market method of accounting;

persons that hold ACS Class A common stock as part of a straddle, hedge, constructive sale or conversion transaction;

regulated investment companies;

real estate investment trusts;

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persons whose functional currency is not the U.S. dollar;

persons who are not citizens or residents of the United States; and

holders who acquired their shares of ACS Class A common stock through the exercise of an employee stock option or otherwise as compensation.

If a partnership or other entity taxed as a partnership holds ACS Class A common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the merger to them.

The actual tax consequences of the merger to you may be complex and will depend on your specific situation and on factors that are not within our control. You should consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Tax Consequences of the Merger Generally

Based on representations contained in representation letters provided by Xerox and ACS and on customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, and subject to the qualifications and limitations set forth above, it is the opinion of Simpson Thacher & Bartlett LLP, counsel to Xerox, and Cravath, Swaine & Moore LLP, counsel to ACS, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Based upon the foregoing, the material U.S. federal income tax consequences of the merger will be as follows:

no gain or loss will be recognized by Xerox, Boulder Acquisition Corp. or ACS as a result of the merger;

gain (but not loss) will be recognized by U.S. holders of ACS Class A common stock who receive shares of Xerox common stock and cash in exchange for shares of ACS Class A common stock pursuant to the merger, in an amount equal to the lesser of (i) the amount by which the sum of the fair market value of the Xerox common stock and cash received by a U.S. holder of ACS Class A common stock exceeds such U.S. holder's basis in its ACS Class A common stock and (ii) the amount of cash received by such U.S. holder of ACS Class A common stock (except with respect to any cash received instead of fractional share interests in Xerox common stock, which is discussed below under *Cash Received Instead of a Fractional Share of Xerox Common Stock*);

the aggregate basis of the Xerox common stock received by a U.S. holder of ACS Class A common stock in the merger (including fractional shares of Xerox common stock deemed received and redeemed as described below) will be the same as the aggregate basis of the ACS Class A common stock for which it is exchanged, decreased by the amount of cash received in the merger (other than cash received instead of fractional share interests in Xerox common stock), and increased by the amount of gain recognized on the exchange, other than with respect to cash received instead of fractional share interests in Xerox common stock (regardless of whether such gain is classified as capital gain or as ordinary dividend income, as discussed below under *Additional Considerations: Recharacterization of Gain as a Dividend*); and

the holding period of Xerox common stock received in exchange for shares of ACS Class A common stock (including fractional shares of Xerox common stock deemed received and redeemed as described below) will include the holding period of the ACS Class A common stock for which it is exchanged.

If a U.S. holder of ACS Class A common stock acquired different blocks of ACS Class A common stock at different times or at different prices, any gain will be determined separately with respect to each block of ACS Class A common stock, and the cash and shares of Xerox common stock received will be allocated pro rata to each such block of stock.

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Completion of the merger is conditioned on, among other things, the receipt by ACS and Xerox of legal opinions from Cravath, Swaine & Moore LLP and Simpson Thacher & Bartlett LLP, respectively, each dated the closing date of the merger, that for U.S. federal income tax purposes (i) the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and (ii) Xerox, Boulder Acquisition Corp. and ACS will each be a party to that reorganization within the meaning of Section 368(b) of the Code. These opinions will be based on certain assumptions and on representation letters provided by ACS and Xerox to be delivered at the time of closing. Although the merger agreement allows each of Xerox and ACS to waive this condition to closing, neither Xerox nor ACS currently anticipates doing so. Neither of the tax opinions will be binding on the Internal Revenue Service. Neither Xerox nor ACS intends to request any ruling from the Internal Revenue Service as to the U.S. federal income tax consequences of the merger and there is no guarantee that the Internal Revenue Service will treat the merger as a reorganization within the meaning of Section 368(a) of the Code.

Taxation of Capital Gain

Except as described under **Additional Considerations** **Recharacterization of Gain as a Dividend** below, gain that U.S. holders of ACS Class A common stock recognize in connection with the merger generally will constitute capital gain and will constitute long-term capital gain if such U.S. holders have held (or are treated as having held) their ACS Class A common stock for more than one year as of the date of the merger. For U.S. holders of ACS Class A common stock that are non-corporate holders, long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 15%.

Additional Considerations ***Recharacterization of Gain as a Dividend***

All or part of the gain that a particular U.S. holder of ACS Class A common stock recognizes could be treated as dividend income rather than capital gain if (i) such U.S. holder is a significant stockholder of Xerox or (ii) such U.S. holder's percentage ownership, taking into account constructive ownership rules, in Xerox after the merger is not meaningfully reduced from what its percentage ownership would have been if it had received solely shares of Xerox common stock rather than a combination of cash and shares of Xerox common stock in the merger. This could happen, for example, because of ownership of additional shares of Xerox common stock by such holder, ownership of shares of Xerox common stock by a person related to such holder or a share repurchase by Xerox from other holders of Xerox common stock. The Internal Revenue Service has indicated in rulings that any reduction in the interest of a minority stockholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would result in capital gain as opposed to dividend treatment. Because the possibility of dividend treatment depends primarily upon the particular circumstances of a holder of ACS Class A common stock, including the application of certain constructive ownership rules, holders of ACS Class A common stock should consult their own tax advisor regarding the potential tax consequences of the merger to them.

Cash Received Instead of a Fractional Share of Xerox Common Stock

A U.S. holder of ACS Class A common stock who receives cash instead of a fractional share of Xerox common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by Xerox. As a result, such U.S. holder of ACS Class A common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. holder's holding period for such shares is greater than one year. The deductibility of capital losses is subject to limitations.

You are urged to consult with your own tax advisors about the particular tax consequences of the merger to you, including the effects of U.S. federal, state or local, or foreign and other tax laws.

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Backup Withholding and Information Reporting

Payments of cash to a U.S. holder of ACS Class A common stock pursuant to the merger may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption or, in the case of backup withholding, furnishes its taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

A U.S. holder of ACS Class A common stock who receives Xerox common stock as a result of the merger will be required to retain records pertaining to the merger. Each U.S. holder of ACS Class A common stock who is required to file a U.S. federal income tax return and who is a significant holder that receives Xerox common stock in the merger will be required to file a statement with such U.S. federal income tax return setting forth such holder's basis in the ACS Class A common stock surrendered and the fair market value of the Xerox common stock and cash received in the merger. A significant holder is a holder of ACS Class A common stock, who, immediately before the merger, owned at least 5% of the outstanding stock of ACS.

Appraisal Rights

In connection with the merger, record holders of ACS common stock who comply with the procedures summarized below will be entitled to appraisal rights if the merger is completed. Under Section 262 of the DGCL, which we refer to in this joint proxy statement/prospectus as Section 262, as a result of completion of the merger, holders of shares of ACS common stock with respect to which appraisal rights are properly demanded and perfected and not withdrawn or lost are entitled, in lieu of receiving the merger consideration, to have the fair value of their shares at the effective time of the merger (exclusive of any element of value arising from the accomplishment or expectation of the merger) judicially determined and paid to them in cash together with a fair rate of interest, if any, unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, by complying with the provisions of Section 262. ACS is required to send a notice to that effect to each stockholder not less than 20 days prior to the special meeting. This joint proxy statement/prospectus constitutes that notice to you.

The following is a brief summary of Section 262, which sets forth the procedures for demanding statutory appraisal rights. This summary is qualified in its entirety by reference to Section 262, a copy of the text of which is attached to this joint proxy statement/prospectus as Annex G. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Any holder of ACS common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder's right to do so, should review the following discussion and Annex G carefully because failure to timely and properly comply with the procedures specified will result in the loss of appraisal rights. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of ACS common stock, ACS believes that if a stockholder considers exercising such rights, such stockholder should seek the advice of legal counsel.

Stockholders of record who desire to exercise their appraisal rights must satisfy all of the following conditions:

A stockholder who desires to exercise appraisal rights must (i) not vote in favor of the adoption of the merger agreement and (ii) deliver in the manner set forth below a written demand for appraisal of the stockholder's shares to the Secretary of ACS before the vote on the adoption of the merger agreement at the special meeting at which the proposal to adopt the merger agreement will be submitted to the stockholders.

Only a holder of record of ACS common stock is entitled to demand an appraisal of the shares registered in that holder's name. A demand for appraisal must be executed by or for the stockholder of record, fully and

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correctly, as the stockholder's name appears on the certificates representing shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by all joint owners. An authorized agent, including an agent of two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose that, in exercising the demand, the agent is acting as agent for the record owner. In addition, the stockholder must continuously hold the shares of record from the date of making the demand through the effective time of the merger since appraisal rights will be lost if the shares are transferred prior to the effective time of the merger.

A record owner, such as a broker, who holds shares as a nominee for others may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which the holder is the record owner. In that case, the written demand must set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares outstanding in the name of the record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should instruct the record owner to comply strictly with the statutory requirements with respect to the exercise of appraisal rights before the vote on the adoption of the merger agreement at the special meeting. A holder of shares held in street name who desires appraisal rights with respect to those shares must take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record owner of the shares. Shares held through brokerage firms, banks and other financial institutions are frequently deposited with and held of record in the name of a nominee of a central security depository, such as Cede & Co., The Depository Trust Company's nominee. Any holder of shares desiring appraisal rights with respect to such shares who held such shares through a brokerage firm, bank or other financial institution is responsible for ensuring that the demand for appraisal is made by the record holder. The stockholder should instruct such firm, bank or institution that the demand for appraisal must be made by the record holder of the shares, which might be the nominee of a central security depository if the shares have been so deposited.

As required by Section 262, a demand for appraisal must be in writing and must reasonably inform ACS of the identity of the record holder (which might be a nominee as described above) and of such holder's intention to seek appraisal of such shares.

Stockholders of record who elect to demand appraisal of their shares must mail or deliver their written demand to: Affiliated Computer Services, Inc., 2828 North Haskell, Dallas, Texas 75204, Attention: Secretary. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares owned, and that the stockholder is demanding appraisal of his or her shares. The written demand must be received by ACS prior to the special meeting. Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will alone suffice to constitute a written demand for appraisal within the meaning of Section 262. In addition, the stockholder must not vote its shares of common stock in favor of adoption of the merger agreement. Because a proxy that does not contain voting instructions will, unless revoked, be voted in favor of adoption of the merger agreement, it will constitute a waiver of the stockholder's right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the merger agreement or abstain from voting on the merger agreement.

Within 120 days after the effective time of the merger, but not thereafter, either the surviving corporation in the merger or any stockholder who has timely and properly demanded appraisal of such stockholder's shares and who has complied with the requirements of Section 262 and is otherwise entitled to appraisal rights may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of all stockholders who have properly demanded appraisal. Boulder Acquisition Corp., as the surviving corporation in the merger, has no obligation, and no present intention, to file

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such a petition. Within 120 days after the effective date of the merger, any holder of ACS common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after a written request therefor has been received by the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. Notwithstanding the foregoing, a person who is the beneficial owner of shares of ACS common stock held either in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from the surviving corporation for the statement described in this paragraph.

If a petition for an appraisal is timely filed by a holder of shares of ACS common stock and a copy thereof is served upon the surviving corporation, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with the direction, the Delaware Court of Chancery may dismiss the proceedings as to the stockholder.

If a petition for an appraisal is timely filed, after a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the shares owned by those stockholders, determining the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid, if any, upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc., et al.*, the Delaware Supreme Court discussed the considerations that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered and that [f]air price obviously requires consideration of all relevant factors involving the value of a company." The Delaware Supreme Court stated that in making this determination of fair value the court must consider "market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of merger which throw any light on future prospects of the merged corporation." The Delaware Supreme Court construed Section 262 to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered." However, the Delaware Supreme Court noted that Section 262 provides that fair value is to be determined "exclusive of any element of value arising from the accomplishment or expectation of the merger."

Stockholders considering seeking appraisal should bear in mind that the fair value of their shares determined under Section 262 could be more than, the same as, or less than the merger consideration they are entitled to receive pursuant to the merger agreement if they do not seek appraisal of their shares, and that opinions of investment banking firms as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262. Although ACS believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. Neither Xerox nor ACS anticipate offering more than the applicable merger consideration to any ACS stockholder exercising appraisal rights, and reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of ACS common stock is less than the applicable merger consideration.

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The cost of the appraisal proceeding (which do not include attorneys' fees or the fees and expenses of experts) may be determined by the Delaware Court of Chancery and charged upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. Upon application of a stockholder seeking appraisal rights, the Delaware Court of Chancery may order that all or a portion of the expenses incurred by such stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all shares entitled to appraisal. In the absence of such a determination of assessment, each party bears its own expenses.

From and after the effective time of the merger, no stockholder who has demanded appraisal rights shall be entitled to vote any shares subject thereto for any purpose or receive dividends or other distributions thereon (except dividends or other distributions payable to the stockholders of record at a date prior to the effective time of the merger).

At any time within 60 days after the effective time of the merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw such stockholder's demand for appraisal and accept the cash and Xerox common stock (and, with respect to holders of ACS Class B common stock, the Xerox Convertible Preferred Stock) to which the stockholder is entitled pursuant to the merger agreement by delivering to the surviving corporation a written withdrawal of the demand for appraisal. After this period, the stockholder may withdraw such stockholder's demand for appraisal and accept the cash and Xerox common stock to which the stockholder is entitled to pursuant to the merger only with the written consent of the surviving corporation in the merger. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after the effective time of the merger, stockholders' rights to appraisal shall cease and all stockholders shall be entitled only to receive the cash and Xerox common stock (and, with respect to holders of ACS Class B common stock, the Xerox Convertible Preferred Stock) as provided for in the merger agreement. Inasmuch as the parties to the merger agreement have no obligation to file such a petition, and have no present intention to do so, any stockholder who desires that such petition be filed is advised to file it on a timely basis. No petition timely filed in the Delaware Court of Chancery demanding appraisal shall be dismissed as to any stockholders without the approval of the Delaware Court of Chancery, and that approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the merger consideration offered pursuant to the merger agreement within 60 days after the effective time of the merger. If the surviving corporation in the merger does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder's right to appraisal in accordance with the second sentence of this paragraph, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration being offered pursuant to the merger agreement.

The foregoing is a brief summary of Section 262 that sets forth the procedures for demanding statutory appraisal rights. This summary is qualified in its entirety by reference to Section 262, a copy of the text of which is attached hereto as Annex G. Failure to comply with all the procedures set forth in Section 262 will result in the loss of a stockholder's statutory appraisal rights.

Restrictions on Sales of Shares by Certain Affiliates

The shares of Xerox common stock to be issued in connection with the merger will be freely transferable under the U.S. Securities Act of 1933, as amended, or the Securities Act, except for shares issued to any stockholder who may be deemed to be an affiliate of Xerox for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or under the common control with Xerox and may include the executive officers, directors and significant stockholders of Xerox.

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Stock Exchange Listing of Xerox Common Stock

Xerox has agreed to use its reasonable best efforts to cause the Xerox common stock (i) to be issued pursuant to the merger, (ii) to be reserved for issuance upon the exercise of Xerox stock options issued in exchange for ACS stock options and (iii) to be reserved for issuance upon the conversion of Xerox Convertible Preferred Stock to be approved for listing on the NYSE. It is a condition to the completion of the merger that such shares be approved for listing on the NYSE, subject to official notice of issuance. It is expected that following the merger, Xerox common stock will continue to trade on the NYSE under the symbol XRX.

Delisting and Deregistration of ACS Class A Common Stock

If the merger is completed, ACS Class A common stock will be delisted from the NYSE and will no longer be registered under the Exchange Act.

Litigation Relating to the Merger

Following announcement of the merger on September 27, 2009, ACS, members of the ACS board of directors (whom we refer to in this joint proxy statement/prospectus as the Individual Defendants), Xerox and Boulder Acquisition Corp. (which we collectively refer to in this joint proxy statement/prospectus as the Xerox Parties) have been named as defendants in lawsuits brought by and on behalf of ACS stockholders challenging Xerox's proposed merger with ACS. We refer to these actions collectively as the Stockholder Actions.

Stockholder Actions have been filed in the Dallas County Court at Law No. 3 (*City of St. Clair Shores Police & Fire Retirement System, et al. v. ACS, Inc., et al.*, No. CC-09-07377-C; *Levy, et al. v. ACS, Inc., et al.*, No. CC-09-07393-C; *Steward Large Cap Enhanced Index Fund, et al. v. ACS, Inc., et al.*, No. CC-09-07402-C); the District Court of Dallas County, 193rd-L Judicial District (*Delgado, et al. v. Deason, et al.*, No. 09-13476); the District Court of Dallas County, 134th-G Judicial District (*York County Employees Retirement Board, et al. v. ACS, Inc., et al.*, No. 09-13775); the District Court of Dallas County, 14th-A Judicial District (*Rahe, et al. v. ACS, Inc., et al.*, No. 09-13786); the District Court of Dallas County, 101st-E Judicial District (*International Union of Operating Engineers Local 825 Pension Fund, et al. v. ACS, Inc., et al.*, No. 09-13836); and in the Delaware Court of Chancery (*New Orleans Employees Retirement System, et al. v. Deason, et al.*, C.A. No. 4940-VCP; *Sheet Metal Workers Local 28, et al. v. ACS, Inc., et al.*, C.A. No. 4933-VCP).

The plaintiffs in the Stockholder Actions generally allege that (i) the members of the ACS board of directors breached their fiduciary duties to ACS and its shareholders by authorizing the sale of ACS to the Xerox Parties for what plaintiffs deem inadequate consideration and pursuant to an inadequate process and agreeing to certain provisions in the merger agreement and the voting agreement between the Xerox Parties and Mr. Deason that plaintiffs deem overly restrictive; (ii) ACS breached its and/or aided and abetted the other defendants' alleged breaches of fiduciary duties; and (iii) the Xerox Parties aided and abetted the other defendants' alleged breaches of fiduciary duties. Among other things, plaintiffs seek to certify a class of ACS Class A stockholders, to enjoin the merger, and to recover damages, together with attorneys' fees and costs.

By order of October 5, 2009, the actions pending in the Delaware Court of Chancery were consolidated into *In re ACS Shareholder Litigation*, Consolidated C.A. No. 4940-VCP (the Delaware Action) and on October 7, 2009, the Delaware Court of Chancery entered a revised consolidation order adding additional plaintiffs. By order entered on October 22, 2009, the Delaware Court of Chancery certified a class in *In re ACS Shareholder Litigation*. The parties in the Delaware proceedings have begun discovery and the court has entered a stipulated Scheduling Order.

In connection with one of the actions pending in the Dallas County Court at Law No. 3 (*City of St. Clair Shores Police & Fire Retirement System v. ACS, et al.*), ACS, with the concurrence of the Xerox Parties, agreed to an undertaking (which we refer to in this joint proxy statement/prospectus as the Undertaking) pursuant to which it will, in furtherance of the merger agreement, provide confidential information to a potential acquiror if: (a) the potential acquiror executes a customary confidentiality agreement on terms no less restrictive than ACS's

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existing confidentiality agreement with the Xerox Parties, which confidentiality agreement shall not contain a standstill provision; (b) the potential acquiror submits a takeover proposal (as that term is defined in Section 7.03(d) of the merger agreement) that the Strategic Transaction Committee determines in good faith to be reasonably likely to lead to a proposal that provides greater consideration to the ACS Class A stockholders than provided in the merger agreement, which offer may be made expressly contingent on due diligence and obtaining financing commitments and may be subsequently modified or withdrawn; and (c) the Strategic Transaction Committee determines in good faith, after consulting with its financial advisors and ACS's management, that the potential acquiror (i) has the financial resources to complete an acquisition of ACS that is more favorable to ACS's stockholders and (ii) is submitting a takeover proposal for the purpose of acquiring ACS as opposed to merely pursuing a transaction in order to obtain competitively sensitive information from ACS. In addition, pursuant to this Undertaking: (a) ACS may disclose the above procedure to any potential acquiror that contacts ACS; (b) ACS may participate in discussions or negotiations with the person or entity making such takeover proposal (and its representatives) regarding such takeover proposal; (c) ACS may directly contact a potential acquiror who has made and continues to make such a takeover proposal; and (d) when sharing confidential information with its competitors, ACS may adopt appropriate procedures to protect its competitively sensitive information.

On October 29, 2009, all pending Stockholder Actions in Texas were consolidated in one action styled *City of St. Clair Shores Police and Fire Retirement System v. Affiliated Computer Services, Inc.*, Case No. CC-09-07377-C (the Texas Action). On November 20, 2009, all plaintiffs and defendants in the Stockholder Actions entered into a stipulation (the November Stipulation) which has been filed in both the Dallas County Court and the Delaware Court of Chancery. In accordance with the November Stipulation, the Texas plaintiffs have, among other things, withdrawn their motion for a temporary and/or permanent injunction with prejudice and agreed to stay prosecution of the Texas Action until agreed otherwise by the defendants in the action and ordered by the Dallas County Court. Pursuant to the November Stipulation, Xerox undertakes that:

- (i) if the ACS board of directors determines that ACS has received a superior proposal, Xerox will not enforce any provision of the voting agreement, including, without limitation, Section 2.1, that obliges Darwin Deason to vote any of the shares of ACS common stock covered by the voting agreement (a) in favor of the merger or (b) against such superior proposal;
- (ii) it will release Darwin Deason from the proxy granted under Section 2.3 of the voting agreement in the event that the ACS board of directors determines that ACS has received a superior proposal;
- (iii) it will not enforce any provision of the merger agreement, including, without limitation, Section 4.02(d), that would have the effect of compelling ACS or its board of directors to hold the special meeting of ACS stockholders to vote on the merger if the ACS board of directors (a) determines that ACS has received a superior proposal, and (b) makes a company adverse recommendation change (as defined in the merger agreement) as a result thereof; and
- (iv) if (a) the ACS board of directors determines that ACS has received a superior proposal, and (b) a company adverse recommendation change occurs as a result thereof, then, at the request of the ACS board of directors, Xerox will terminate the merger agreement pursuant to Section 7.01(f)(i) of the merger agreement.

The November Stipulation further provides that all plaintiffs in the Stockholder Actions agree that (i) any further prosecution of the Stockholder Actions, or any claims that could have been brought in the Stockholder Actions, will proceed in the Delaware Action and (ii) they will not seek to enjoin or otherwise prevent the enforcement of Sections 4.02(a), 4.02(c), 4.02(d) or 7.03(b) of the merger agreement or Section 2.01 of the voting agreement.

ACS, the Individual Defendants, and the Xerox Parties deny any wrongdoing in connection with the proposed merger and plan to vigorously defend against all pending claims.

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THE MERGER AGREEMENT

The following is a summary of the material provisions of the merger agreement. This summary is qualified in its entirety by reference to the merger agreement, which is incorporated herein by reference in its entirety and attached to this joint proxy statement/prospectus as Annex A. This summary may not contain all of the information about the merger agreement that may be important to you. We encourage you to read the merger agreement carefully and in its entirety because it is the legal document that governs the merger. This summary is not intended to provide you with any other factual information about Xerox or ACS. Such information can be found elsewhere in this joint proxy statement/prospectus and in Xerox's and ACS's public filings with the SEC, as described in the section entitled "Where You Can Find More Information" beginning on page 177.

Form of the Merger

Upon the terms and subject to the conditions set forth in the merger agreement, ACS will be merged with and into Boulder Acquisition Corp. (a newly formed and wholly-owned subsidiary of Xerox established to facilitate the acquisition of ACS). Boulder Acquisition Corp. will survive the merger as a wholly-owned subsidiary of Xerox and will continue its corporate existence under Delaware law.

Closing

Unless the parties agree otherwise, the closing will occur on a date to be specified by the parties (which will be no later than the third business day after the satisfaction or waiver of all closing conditions).

Effective Time

The merger will become effective at the time at which a certificate of merger has been duly filed with the Secretary of State of the State of Delaware or such later time as is agreed upon by the parties and specified in the certificate of merger.

Merger Consideration

At the effective time of the merger, each outstanding share of ACS Class A common stock, other than excluded shares, will be converted into the right to receive a combination of (i) 4.935 shares of Xerox common stock and (ii) \$18.60 in cash, without interest. Also at the effective time of the merger, each outstanding share of ACS Class B common stock, other than excluded shares, will be converted into the right to receive a combination of (i) 4.935 shares of Xerox common stock, (ii) \$18.60 in cash, without interest, and (iii) a fraction of a share of Xerox Convertible Preferred Stock equal to (x) 300,000 divided by (y) the number of shares of Class B common stock of ACS issued and outstanding as of the effective time of the merger. The Xerox Convertible Preferred Stock will rank senior to the Xerox common stock with respect to dividend rights and rights on liquidation, winding-up and dissolution of Xerox. A description of the Xerox Preferred Stock is set forth in "Description of Xerox Convertible Preferred Stock" below.

ACS stockholders will not receive any fractional shares of Xerox common stock pursuant to the merger. Instead of any fractional shares, stockholders will be paid an amount in cash (rounded to the nearest cent) for such fraction calculated by multiplying (i) the fractional share interest to which the holder of ACS common stock (after taking into account all shares of ACS common stock formerly represented by all certificates surrendered by such holder and all book-entry shares formerly held by such holder that are converted) would otherwise be entitled by (ii) the per share closing price of Xerox common stock on the NYSE on the last trading day immediately prior to the closing date of the merger, as that price is reported on the screen entitled "Comp/CLOSE/PRICE" on Bloomberg (or such other source as the parties shall agree in writing prior to the effective time).

Treatment of Stock Options

Except for ACS stock options granted in August 2009 which will continue to vest and become exercisable in accordance with their terms without regard to any provisions relating to a change of control (unless the parties

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agree otherwise prior to the effective time), as of the effective time of the merger, each outstanding ACS stock option to acquire shares of ACS common stock will, whether or not exercisable or vested at the effective time, become fully vested and exercisable and converted into options to purchase Xerox common stock under the same terms and conditions as are in effect immediately prior to the effective time with respect to such ACS stock option, except that:

each such ACS stock option will be exercisable for, and represent the right to acquire, that whole number of shares of Xerox common stock (rounded down to the nearest whole share) equal to the number of shares of ACS common stock subject to such ACS stock option multiplied by the Option Exchange Ratio; and

the exercise price per share of Xerox common stock under each such ACS stock option will be an amount (rounded up to the nearest full cent) equal to (i) the exercise price per share of ACS common stock subject to the related ACS stock option, as in effect immediately prior to the effective time, divided by (ii) the Option Exchange Ratio.

Representations and Warranties

The merger agreement contains representations and warranties made by and to the parties thereto as of specific dates. The assertions embodied in those representations and warranties were made for purposes of the merger agreement and are subject to qualifications and limitations agreed to by the respective parties in connection with negotiating the terms of the merger agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from what might be viewed as material to stockholders, or may have been used for the purpose of allocating risk between the respective parties rather than establishing matters as facts. For the foregoing reasons, you should not rely on the representations and warranties as statements of factual information.

The merger agreement contains the following reciprocal representations and warranties by both parties, subject in some cases to specified exceptions and qualifications, relating to a number of matters, including the following:

the organization, valid existence, good standing and qualification to do business of such party and its subsidiaries;

ownership of each of its significant subsidiaries;

the capitalization and indebtedness of such party and its subsidiaries, including the number of shares of common stock, stock options and other equity-based awards outstanding;

corporate authorization and validity of the merger agreement and the voting agreement (in the case of Xerox);

the unanimous approval by such party's board of directors (in the case of ACS, other than Mr. Deason who was recused from the meeting) of the merger agreement and the transactions contemplated by the merger agreement;

the absence of any conflicts with such party's organizational documents, applicable laws, governmental orders or certain agreements as a result of entering into the merger agreement and completing the merger;

the required consents and filings with governmental entities in connection with the transactions contemplated by the merger agreement;

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the proper filing of documents with the SEC since January 1, 2007 and the accuracy of information contained in those documents;

the conformity with generally accepted accounting principles of such party's financial statements filed with the SEC since January 1, 2007 and the absence of certain undisclosed liabilities;

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the accuracy of information supplied by such party in connection with this joint proxy statement/prospectus and the registration statement of which it is a part;

the absence of a material adverse effect (as described below) since June 30, 2009;

the absence of certain litigation and investigations;

the compliance with certain material contracts;

the compliance with applicable laws;

employment and labor matters affecting such party, including matters relating to employee benefit plans;

tax matters;

real property and intellectual property;

the absence of affiliate transactions since January 1, 2008;

the required vote by such party's stockholders to complete the merger;

the inapplicability of takeover statutes to the merger agreement, the merger or the transactions contemplated by the merger agreement and the voting agreement; and

broker's and financial advisor's fees related to the merger.

ACS has also made certain representations and warranties relating to:

the receipt of the opinion from Evercore by the Strategic Transaction Committee, dated September 27, 2009, as to the fairness, from a financial point of view, of the Class A merger consideration to the holders of ACS Class A common stock (other than those holders who also hold shares of ACS Class B common stock) entitled to receive such Class A merger consideration; and

the receipt of the opinion from Citi by the ACS board of directors, dated September 27, 2009, as to the fairness, from a financial point of view, of the Class A merger consideration to the ACS Class A stockholders (other than those holders who also hold shares of ACS Class B common stock and their affiliates).

Xerox has also made certain representations and warranties relating to:

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the validity of the debt commitment letters and the sufficiency of the funds to be provided under the debt commitment letters; and

the receipt of the opinions of Blackstone and J.P. Morgan by the Xerox board of directors, each dated September 27, 2009, as to the fairness to Xerox of the aggregate merger consideration to be paid by Xerox to the holders of ACS Class A common stock and the holders of ACS Class B common stock from a financial point of view.

Certain of the representations and warranties made by the parties are qualified as to materiality or material adverse effect. For purposes of the merger agreement, material adverse effect, when used in reference to Xerox or ACS, means an effect, event, development, change, state of facts, condition, circumstance or occurrence that:

is or would reasonably be expected to be materially adverse to the financial condition, assets, liabilities, business or results of operations of the referenced company and its subsidiaries, taken as a whole; or

is or would reasonably be expected to impair in any material respect the ability of the referenced company to complete the merger and the other transactions contemplated by the merger agreement or to perform its obligations under the merger agreement on a timely basis.

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However, effects, events, developments, changes, states of facts, conditions, circumstances or occurrences arising out of, relating to or resulting from the following will not be taken into account in determining whether there has been a material adverse effect:

changes generally affecting the economy, financial or securities markets or political or regulatory conditions, to the extent such changes do not affect the referenced company and its subsidiaries in a disproportionate manner relative to other participants in the relevant industries;

changes in the industries in which the referenced company and its subsidiaries operate, to the extent that such changes do not adversely affect the referenced company and its subsidiaries in a disproportionate manner relative to other participants in such industry;

changes in law or the interpretation thereof or generally accepted accounting principles or the interpretation thereof, to the extent such changes do not adversely affect the referenced company and its subsidiaries in a disproportionate manner relative to other participants in such industry;

any change attributable to the negotiation, execution or announcement of the merger; or

compliance with the terms of, or the taking of any action required by the merger agreement.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Covenants and Agreements

Conduct of Business by ACS

ACS has agreed that, prior to the completion of the merger, unless Xerox gives its prior written consent (which consent may not be unreasonably withheld or delayed) or as otherwise expressly permitted, contemplated or required by the merger agreement, it shall and shall cause its subsidiaries to:

carry on its business in the ordinary course; and

use commercially reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers, employees and consultants and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with it and government entities having regulatory dealings with it.

ACS has also agreed that, prior to the completion of the merger, unless Xerox gives its prior written consent (which consent will not be unreasonably withheld or delayed), or as otherwise expressly permitted, contemplated or required by the merger agreement, it shall not and shall not permit any of its subsidiaries to:

declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock, other than dividends or distributions by a wholly-owned subsidiary of ACS to its stockholders;

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split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock;

purchase, redeem or otherwise acquire any shares of its capital stock or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, except for purchases, redemptions or other acquisition of capital stock or other securities (1) required by the terms of company incentive plans or any award agreement or (2) required by terms of any plans, arrangements or contracts existing on September 27, 2009 between ACS or any of its subsidiaries and any director or employee of ACS or any of its subsidiaries;

issue, deliver, sell, grant, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into or exercisable for, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, or any phantom stock,

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phantom stock rights, stock appreciation rights or stock based performance units, other than the issuance of shares of common stock upon the exercise of ACS stock options or purchase rights under ACS's 1995 employee stock purchase plan outstanding as of September 27, 2009 and in accordance with their terms on September 27, 2009;

amend the organizational documents of ACS;

directly or indirectly acquire any assets, rights or properties, or any person or division, business or equity interest of any person by merger, consolidation, asset purchase, investment, or capital contribution, or any other manner, except for (i) purchases of assets in the ordinary course of business consistent with past practice and (ii) other acquisitions, investments or capital contributions not exceeding \$15 million in the aggregate;

sell, pledge, dispose of, abandon, lease, license, or otherwise encumber any properties, rights or assets of ACS or any of its subsidiaries that are material to ACS and its subsidiaries, taken as a whole, except sales, pledges, dispositions, leases, licenses or encumbrances (i) required pursuant to contracts existing as of September 27, 2009 or entered into after September 27, 2009 in compliance with the merger agreement, (ii) entered into in the ordinary course of business and (iii) of assets or properties of ACS or any of its subsidiaries having a value not to exceed in the aggregate \$25 million;

incur or otherwise acquire, or modify in any material respect the terms of, any indebtedness for borrowed money (including capital leases) or assume, guarantee or endorse, or otherwise become responsible for, any such indebtedness of another person (other than ACS and any wholly-owned subsidiary of ACS), issue or sell any debt securities or calls, options, warrants or other rights to acquire any debt securities of ACS or any of its subsidiaries, enter into any "keep well" or other contract to maintain any financial statement condition of another person (other than ACS and any wholly-owned subsidiary of ACS) or enter into any arrangement (including any capital lease) having the economic effect of any of the foregoing, other than the issuance of letters of credit in the ordinary course of business in connection with customer contracts;

redeem, repurchase, prepay, defease or cancel any indebtedness for borrowed money other than as required in accordance with its terms or in the ordinary course of business

make any loans or advances to any person, other than to a wholly-owned subsidiary, except loans or advances to customers made in the ordinary course of business;

make any new capital expenditures (i) in excess of the amounts set forth in ACS's capital expenditure budget or (ii) other than up to \$15 million of other capital expenditures made or committed to in connection with the performance of customer or other commercial contacts entered into in the ordinary course of business;

pay, discharge, settle or satisfy any claims, liabilities, obligations, litigations or other proceedings that are material to ACS and its subsidiaries taken as a whole, except (i) as required by law or court judgment, (ii) to the extent disclosed, reflected or reserved against in ACS's financial statements filed with the SEC prior to September 27, 2009 for amounts not in excess of such reserves, or (iii) those incurred in the ordinary course of business since the date of such financial statements;

enter into, materially modify, terminate, cancel or fail to renew any material contract or waive, release or assign any material rights or claims thereunder, or enter into, modify, amend or terminate any contract or waive, release or assign any material rights or claims thereunder, which if so entered into, modified, amended, terminated, waived, released or assigned, in each case as applicable, would reasonably be expected to prevent or materially delay or impair the ability of ACS and its subsidiaries to complete the merger and the other transactions contemplated by the merger agreement or impair in any material respect the ability of ACS and its subsidiaries to

conduct its business as currently conducted;

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except (i) as required by applicable law, (ii) as required to comply with any ACS benefit plan, agreement or other contract entered into prior to the date of the merger agreement or thereafter in accordance with Section 4.01 of the merger agreement or (iii) as required or advisable to avoid adverse treatment under Section 409A of the Internal Revenue Code:

adopt, enter into, terminate or amend any benefit plan or any other contract, plan or policy involving ACS and its employees;

grant any severance or termination pay to, or increase the compensation or fringe benefits of any ACS personnel except in the ordinary course of business consistent with past practice with respect to personnel with targeted annual cash compensation of \$500,000 or less;

loan or advance any money or other material property to any current or former employee, director or consultant;

grant any equity or equity-based awards;

allow for the commencement of any new offering periods under any employee stock purchase plans;

remove any existing restrictions in any benefit plans or agreements or awards made thereunder;

take any action to fund or in any other way secure the payment of compensation or benefits under any benefit plan or employment, severance or similar agreement;

accelerate the vesting or payment of any compensation or benefit under any benefit plan or agreement or awards made thereunder; or

materially change any actuarial or other assumption used to calculate funding obligations with respect to any pension plan or change the manner in which contributions to any pension plan are made or the basis on which such contributions are determined;

except as required by applicable law, enter into, modify, amend or terminate any collective bargaining agreement with any labor union, other than in the ordinary course of business;

except as required by generally accepted accounting principles or as advised by ACS's regular independent public accountant, make any change in financial accounting methods materially affecting the reported consolidated assets, liabilities or results of operations of ACS;

with respect to employees of ACS and its subsidiaries:

increase the number of employees of ACS and its subsidiaries based on the number of employees as of September 27, 2009 other than with respect to (i) employees hired in the ordinary course of business and (ii) employees acquired in connection with a permitted acquisition;

enter into an employment agreement with any person with targeted annual cash compensation in excess of \$500,000 (other than with respect to employees hired pursuant to offers of employment outstanding on September 27, 2009 or with respect to newly hired employees filling essential positions, which in no event may exceed two people);

pay out any employee bonus or incentive compensation that is subject to the achievement of established performance goals where such performance goals are not achieved; or

set new bonus or incentive compensation performance targets for any employee, unless such performance targets are set in consultation with Xerox;

effect or permit a plant closing or mass layoff without complying with the notice requirements and all other provisions of the Worker Adjustment and Retraining Notification Act;

authorize or adopt, or publicly propose, a plan of complete or partial dissolution of ACS; or

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outside of the ordinary course of ACS's administration of its tax matters, adopt or change in any material respect any method of tax accounting in respect of recognition of income for U.S. federal income tax purposes, make or change any material tax election or file any amended material tax return.

Conduct of Business by Xerox

Xerox has agreed that, prior to the completion of the merger, unless ACS gives its prior written consent (which consent may not be unreasonably withheld or delayed) or as required by applicable law or as otherwise expressly permitted, contemplated or required by the merger agreement, it shall and shall cause its subsidiaries to:

carry on its business in the ordinary course; and

use commercially reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers, employees and consultants and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business dealings with it and governmental entities having regulatory dealings with it.

Xerox has also agreed that, prior to the completion of the merger, unless ACS gives its prior written consent (which consent will not be unreasonably withheld or delayed), or as required by applicable law or as otherwise expressly permitted, contemplated or required by the merger agreement, it shall not and shall not permit any of its subsidiaries to:

declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock or property) in respect of, any of its capital stock, other than dividends or distributions by a direct or indirect wholly-owned subsidiary of Xerox to its stockholders and quarterly cash dividends not in excess of \$0.0425 per share, with record and payment dates materially consistent with past practice;

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