XEROX CORP
Form DEF 14A
April 10, 2012

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement	[ ]	Soliciting Material Under Rule 14a-12
[ ]	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))		
[X]	Definitive Proxy Statement		
[ ]	Definitive Additional Materials		

Xerox Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
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1) Title of each class of securities to which transaction applies:

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

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3)	Filing Party:
4)	Date Filed:

Xerox Corporation
45 Glover Avenue
P.O. Box 4505
Norwalk, CT 06856-4505

April 10, 2012

Dear Shareholders:

You are cordially invited to attend the 2012 Annual Meeting of Shareholders of Xerox Corporation to be held on Thursday, May 24, 2012, at Dolce Norwalk, 32 Weed Avenue in Norwalk, Connecticut. Your Board of Directors and management look forward to greeting those shareholders who are able to attend.

At the Annual Meeting of Shareholders, you will be asked to vote upon the election of ten directors, the ratification of the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2012, the approval, on an advisory basis, of the 2011 compensation of our named executive officers and the approval of an amendment and restatement of the Company s 2004 Performance Incentive Plan. The Board of Directors unanimously recommends that you vote in favor of each of these proposals.

After a quarter of a century of dedicated service, N.J. Nicholas, Jr. is retiring from the Board of Directors. We are deeply grateful for his many contributions, wise counsel and steadfast loyalty.

It is important that your shares be represented and voted at the Annual Meeting of Shareholders, regardless of whether or not you plan to attend in person. Therefore, you are urged to vote your shares using one of the methods described in the following pages. Voting instructions are provided in the accompanying voting instruction and proxy card.

For the Board of Directors,

Ursula M. Burns
Chairman of the Board and Chief Executive Officer

Notice of 2012 Annual Meeting of Shareholders

Date and Time:	Thursday, May 24, 2012, at 9:00 a.m.
Location:	Dolce Norwalk, 32 Weed Avenue in Norwalk, Connecticut
Purpose:	(1) Election of 10 directors; (2) Ratification of the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2012; (3) Approval, on an advisory basis, of the 2011 compensation of our named executive officers; (4) Approval of the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan; and (5) Consider such other business as may properly come before the meeting.
Record Date:	March 26, 2012 You are eligible to vote if you were a shareholder of record as of the close of business on this date.
Proxy Voting:	(1) Telephone; (2) Internet; or (3) Proxy Card. Please review the Notice of Internet Availability of Proxy Materials or accompanying proxy card for voting instructions.
Importance of Vote:	Whether or not you plan to attend, please submit your proxy as soon as possible to ensure that your shares are represented.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on May 24, 2012.

The Proxy Statement and 2011 Annual Report are available at *www.edocumentview.com/XRX or www.xerox.com/investor*

By order of the Board of Directors,

Don H. Liu
Senior Vice President, General Counsel and Secretary

April 10, 2012

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GENERAL INFORMATION ABOUT THE ANNUAL MEETING

The Annual Meeting

The 2012 Annual Meeting of Shareholders (Annual Meeting) of Xerox Corporation (Company) will be held on Thursday, May 24, 2012, beginning at 9:00 a.m. at Dolce Norwalk, 32 Weed Avenue in Norwalk, Connecticut.

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will consider and vote on the following matters:

1. Election of the ten nominees named in this Proxy Statement to our Board of Directors, each for a term of one year.

2. Ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

3. Approval, on an advisory basis, of the 2011 compensation of our named executive officers.

4. Approval of the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan.

Shareholders will also act on any other business that may properly come before the meeting. In addition, our management will report on Xerox s performance during fiscal 2011 and respond to questions from shareholders.

Who is entitled to vote?

Owners of our common stock, par value $1 per share (Common Stock), as of the close of business on the record date, March 26, 2012, are entitled to vote at the Annual Meeting and at any and all adjournments or postponements of the Annual Meeting. The shares owned include shares you held on that date (1) directly in your name as the shareholder of record (registered shareholder) and/or (2) in the name of a broker, bank or other holder of record where the shares were held for you as the beneficial owner (beneficial owner). Each share of Common Stock is entitled to one vote on each matter to be voted on.

How can I attend the Annual Meeting?

All shareholders of record as of the close of business on March 26, 2012 may attend. In order to be admitted to the meeting, please obtain an admission ticket in advance and bring a form of personal photo identification, such as a driver s license.

To obtain an admission ticket:

If you are a registered shareholder:

- If you vote via the Internet or by telephone, you will be asked if you would like to receive an admission ticket.

- If you vote by proxy card, please mark the appropriate box on the proxy card and an admission ticket will be sent to you.

If you are a beneficial owner:

- Please request an admission ticket in advance by calling Shareholder Services at (203) 849-2315 or mailing a written request, along with proof of your ownership of Xerox Common Stock as of the record date, to Xerox Corporation, Shareholder Services, 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 May 14, 2012.

You can find directions to the meeting online at *www.edocumentview.com/XRX.* If you have any further questions regarding admission or directions to the Annual Meeting, please call Shareholder Services at (203) 849-2315.

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How does the Board of Directors recommend that I vote?

The Board recommends that you vote:

- ***FOR*** the election of each of the ten director nominees;
- ***FOR*** the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012;
- ***FOR*** the approval, on an advisory basis, of the 2011 compensation of our named executive officers; and
- ***FOR*** the approval of the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan.

How many shares are required to be present to hold the Annual Meeting?

A quorum is necessary to hold a valid meeting of shareholders. For each of the proposals to be presented at the meeting, the presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our Common Stock outstanding on March 26, 2012 (record date) will constitute a quorum. As of March 26, 2012, there were 1,348,025,668 shares of our Common Stock outstanding. If you vote including by Internet, telephone, or proxy card your shares will be counted towards the quorum for the Annual Meeting. Broker non-votes and abstentions are counted as present for the purpose of determining a quorum.

How many votes are required to approve each proposal?

Election of Directors. Under our by-laws, directors are elected by majority vote, meaning that in an uncontested director election, the votes cast for the nominee s election must exceed the votes cast against the nominee s election, with abstentions and broker non-votes not counting as votes for or against. Our by-laws require that any incumbent nominee for director who receives a greater number of votes cast against his or her election than for his or her election shall tender his or her resignation promptly after such election. The independent directors will then evaluate and determine, based on the relevant facts and circumstances, whether to accept or reject the resignation. The Board s explanation of its decision will be promptly disclosed on a Form 8-K filed with the Securities and Exchange Commission (SEC).

Other Items. The affirmative vote of a majority of the votes cast at the meeting will be required for approval of the following proposals:

- Ratification of PricewaterhouseCoopers LLP as our independent auditor;
- Approval, on an advisory basis, of the 2011 compensation of our named executive officers; and
- Approval of the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan (provided that the total votes cast on the proposal represent over 50% of the Common Stock outstanding and are entitled to vote at the Annual Meeting on the proposal).

Abstentions and broker non-votes are not counted as votes for or against for the purpose of determining the outcome of the vote for any of the above matters other than approval of the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan. Pursuant to NYSE rules, we will count abstentions as votes cast against this proposal, but we will not count broker non-votes as votes cast on this proposal. As a result, broker non-votes will have no impact on the outcome of the proposal, provided that a majority of our outstanding shares are voted.

Although the advisory vote is non-binding, the Board of Directors values the opinions of shareholders and will consider the outcome of the vote on this proposal when making future decisions regarding executive compensation.

At present, the Board does not intend to present any other matters at this meeting and knows of no matters other than these to be presented for shareholder action at the Annual Meeting. If any other matters properly come before the meeting, the persons named in the accompanying proxy intend to vote the proxies in accordance with their best judgment.

What is a broker non-vote and how will it affect the voting?

A broker non-vote occurs when the beneficial owner of shares held through a brokerage firm fails to furnish voting instructions to the broker and the broker is not permitted under applicable New York Stock Exchange (NYSE) and SEC rules to vote the shares in its discretion. Brokers are not permitted to vote the shares without the beneficial owner s instructions if the proposal is considered a non-routine matter under these rules. Election of directors, the advisory vote on executive compensation and the vote to approve the 2012 Amendment and Restatement of the Company s 2004 Performance Incentive Plan are considered non-routine matters**.** Shares constituting broker non-votes are not counted as votes for or against for the purpose of determining whether shareholders have approved a matter.

How do I vote?

Registered shareholders can vote in any one of four ways:

(1) *You may vote in person*. If you attend the meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot. Ballots will be available at the meeting.

Since many shareholders are unable to attend the meeting in person, registered shareholders may also vote their proxies by one of the three ways described below. By using your proxy to vote in one of these ways, you authorize the three directors, whose names are listed on the front of the proxy card accompanying this Proxy Statement, to represent you and vote your shares as you direct.

(2) *You may vote over the Internet*. If you have Internet access, you may vote your shares by following the Vote by Internet instructions included in the Notice of Internet Availability of Proxy Materials (Notice) or on the enclosed proxy card.

(3) *You may vote by telephone.* You may vote your shares by following the Vote by Telephone instructions on the enclosed proxy card.

(4) *You may vote by mail.* You may vote by completing and signing the proxy card enclosed with this Proxy Statement and promptly mailing it in the enclosed postage-prepaid envelope. The shares you own will be voted according to your instructions on the proxy card you mail. If you sign and return your proxy card but do not indicate your voting instructions on one or more of the matters listed, the shares you own will be voted by the named proxies in accordance with the recommendations of our Board of Directors.

If you vote via the Internet or by telephone, do not return your proxy card.

Beneficial owners will receive a separate Notice with voting instructions from the bank, broker or other holder of record where the shares are held, that must be followed in order for your shares to be voted.

How will shares in the Xerox Employee Stock Ownership Plan, Xerox Savings Plans and the ACS Savings Plan be voted?

Beneficial owners of the shares of Common Stock held in the (1) Xerox Employee Stock Ownership Plan (ESOP), (2) Xerox Corporation Savings Plan, (3) Savings Plan of Xerox Corporation and the Xerographic Division, Rochester Regional Joint Board on Behalf of Itself and Other Regional Joint Boards (together with the Xerox Corporation Savings Plan, referred to as the Xerox Savings Plans) or (4) Affiliated Computer Services, Inc. (ACS) Savings Plan (ACS Savings Plan) can instruct State Street Bank and Trust Company, as Trustee for the ESOP and the Xerox Savings Plans (Xerox Plans Trustee) or The Bank of New York Mellon, as Trustee for the ACS Savings Plan (ACS Savings Plan Trustee), by telephone, Internet or mail, how to vote the shares in their accounts. No matter which method is used, your voting instructions are confidential and will not be disclosed to the Company. By providing voting instructions in one of these ways, you instruct the Xerox Plans Trustee or the ACS Savings Plan Trustee to vote the shares allocated to your ESOP, Xerox Savings Plans or ACS Savings Plan account or accounts. For the ESOP participants and the Xerox Savings Plans participants, you also authorize the Xerox Plans Trustee to vote the shares of Common Stock held in the ESOP trust or Xerox Savings Plans for which no instructions were provided in the same proportion on each issue as it votes the shares for which participants have returned voting instructions. Unlike the ESOP or Xerox Savings Plans, if no instructions have been received from an ACS Savings Plan participant, the ACS Savings Plan Trustee will not vote the shares allocated in your account. Your vote must be received by 9:00 AM Central Time on Tuesday, May 22, 2012 to allow sufficient time for processing.

May I change my vote?

Yes. You may revoke your proxy at any time before the Annual Meeting by submitting a later dated proxy card, by a later telephone or on-line vote, by notifying the Secretary of the Company in writing that you have revoked your proxy or by attending the Annual Meeting and giving notice of revocation in person.

Can I vote in person at the Annual Meeting?

Persons who submit a proxy or voting instructions need not vote at the Annual Meeting. However, we will pass out written ballots to any shareholder of record or authorized representative of a shareholder of record who wants to vote in person at the Annual Meeting instead of by proxy. Voting in person will revoke any proxy previously given. If you hold your shares through a broker, bank or nominee, you must obtain a proxy from your broker, bank or nominee to vote in person.

Who will count the vote? Is my vote confidential?

Representatives of Computershare will act as Inspector of Election, supervise the voting, decide the validity of proxies and receive and tabulate proxies. As a matter of policy, we keep confidential all stockholder meeting proxies, ballots and voting tabulations that identify individual shareholders. In addition, the vote of any shareholder is not disclosed except as may be necessary to meet legal requirements.

How are proxies solicited?

In addition to the solicitation of proxies by mail, we also request brokerage houses, nominees, custodians and fiduciaries to forward soliciting material to the beneficial owners of stock held of record and reimburse such person for the cost of forwarding the material. We have engaged Georgeson Inc. to handle the distribution of soliciting material to, and the collection of proxies from, such entities. We will pay Georgeson Inc. a fee of $12,000 plus reimbursement of out-of-pocket expenses for this service. We bear the cost of all proxy solicitation.

Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

Pursuant to rules adopted by the SEC, the Company has elected to provide access to its proxy materials over the Internet. Accordingly, a Notice of Internet Availability of Proxy Materials is being sent to the Company s registered shareholders and beneficial owners. The Notice contains instructions on how to access the proxy materials over the Internet and how to request a printed copy of the proxy materials, including a proxy card, as well as how shareholders may request to receive proxy materials in printed form by mail, or electronically by email, on a going forward basis.

On or about April 10, 2012, we are sending all shareholders of record as of March 26, 2012 a Notice instructing them how to receive their proxy materials via the Internet. Proxy materials will be available on the Internet on April 10, 2012.

How can I electronically access the proxy materials?

You can access the proxy materials online at *www.edocumentview.com/XRX* or *www.xerox.com/investor*. Shareholders may receive proxy statements, annual reports, and other shareholder materials via electronic delivery. Registered shareholders can sign up for electronic delivery at *www.eTree.com/Xerox*. Beneficial owners can sign up for electronic delivery at *http://enroll.icsdelivery.com/xrx*. These websites, which allow you to choose to receive future proxy materials electronically by email, will provide cost savings relating to printing and postage and reduce the environmental impact of mailing documents to you.

When are proposals, director nominations and other business to be submitted by shareholders for the 2013 Annual Meeting due?

We expect to hold our 2013 Annual Meeting of Shareholders during the second half of May and to issue our Proxy Statement for that meeting during the first half of April. Under SEC proxy rules, if a shareholder wants us to include a proposal in our Proxy Statement and proxy card for the 2013 Annual Meeting of Shareholders, the proposal must be received by us no later than December 11, 2012.

Any shareholder wishing to make a nomination for director or wishing to introduce any business at the 2013 Annual Meeting of Shareholders (other than a proposal submitted for inclusion in the Company s proxy materials) must provide the Company advance notice of such business which must be received by the Company no earlier than November 11, 2012 and no later than December 11, 2012. Nominations for director must be accompanied by a written consent of the nominee consenting to being named in the Proxy Statement as a nominee and serving as a director if elected. Proposals and other items of business should be directed to Xerox Corporation, P.O. Box 4505, Norwalk, CT 06856-4505, Attention: Corporate Secretary.

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How can I contact the Board of Directors?

Under our Corporate Governance Guidelines, interested parties may contact the non-management members of the Board of Directors by contacting the Chairman of the Corporate Governance Committee at the Contact the Board link that appears on our Company s website at *www.xerox.com/governance*.

What if multiple shareholders have the same address?

If you and other residents at your mailing address own shares of Common Stock through a broker, you may have received a notice from the broker notifying you that your household will be sent only one Notice or one Annual Report and Proxy Statement, as applicable. If you did not return the opt-out card attached to such notice, you were deemed to have consented to such process. The broker or other holder of record will send, as applicable, at least one copy of the Notice or the Annual Report and Proxy Statement to your address. You may revoke your consent at any time by calling (800) 542-1061. The revocation will be effective 48 hours after receipt of your telephone notification. An additional copy of the Notice or Annual Report and Proxy Statement will also be delivered to you promptly upon request by contacting Shareholder Services at (203) 849-2315 or by sending a written request addressed to Xerox Corporation, P.O. Box 4505, Norwalk, CT 06856-4505, Attention: Corporate Secretary.

If you are receiving multiple copies of the Notice or the Annual Report and Proxy Statement at your address and would like to receive only one copy in your household, registered shareholders should call (800) 828-6396 and beneficial owners should call (800) 542-1061.

How may I get additional copies of the Annual Report and Proxy Statement?

Copies of the 2011 Annual Report and 2012 Proxy Statement have been distributed to shareholders (unless you have received a copy of the Notice or have consented to electronic delivery). Additional paper copies of these documents and additional information, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (Form 10-K) filed with the SEC are available from Xerox Corporation, P.O. Box 4505, Norwalk, CT 06856-4505, Attention: Corporate Secretary. The Annual Report, Proxy Statement and Form 10-K are also available on the Company s website at *www.xerox.com/investor* or *www.edocumentview.com/XRX*. The Notice also provides you with instructions on how to request printed copies of the proxy materials. There is no charge to receive the materials by mail. You may request printed copies of the materials until one year after the date of the Annual Meeting.

Is there a list of shareholders entitled to vote at the Annual Meeting?

A list of registered shareholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting at our offices located at Xerox Corporate Headquarters, 45 Glover Avenue in Norwalk, CT 06856.

PROPOSAL 1 ELECTION OF DIRECTORS

Shareholders annually elect directors to serve for one year and until their successors have been elected and have been qualified. Based on the director nomination process described below, the ten persons whose biographies appear below have been nominated by the Board of Directors to serve as directors based on the recommendation of the Corporate Governance Committee. All ten nominees bring to us valuable experience from a variety of fields. The biographical information presented regarding each nominee s specific experience, qualifications, attributes and skills led our Board of Directors to the conclusion that he or she should serve as a director. Each of the nominees has demonstrated business acumen and an ability to exercise independent and sound judgment, as well as an understanding of the Company s business environment and a commitment of service to the Company and our Board of Directors. We also value their significant experience on other public company boards of directors and board committees.

The Board of Directors has determined that each of the nominees (other than Ursula M. Burns, CEO of the Company) is independent under the NYSE Corporate Governance Rules and the Company s more stringent independence standards. If for any reason, which the Board of Directors does not expect, a nominee is unable to serve, the proxies may use their discretion to vote for a substitute nominated by the Board of Directors.

Biographies

To help you consider the nominees, we have provided the principal occupation and other information about the particular experience, qualifications, attributes or skills that the Board of Directors has concluded qualify each of the nominees to serve as a director of the Company.

Certain terms used in the biographies may be unfamiliar to you, so we are defining them here.

Xerox securities owned means the Company s Common Stock, including: restricted shares of Common Stock issued under the Restricted Stock Plan For Directors, which was terminated upon shareholder approval of the 2004 Equity Compensation Plan for Non-Employee Directors (2004 Directors Plan) at the 2004 Annual Meeting; Deferred Stock Units (DSUs) issued under the 2004 Directors Plan; and Common Stock owned through the individual s ESOP account and other Company equity programs. None of the independent director nominees owns any of the Company s other securities.

Immediate family means the spouse, the minor children and any relatives sharing the same home as the nominee.

Unless otherwise noted, all Xerox securities held are owned beneficially by the nominee. Beneficial ownership means he or she has or shares voting power and/or investment power with respect to the securities, even though another name (that of a broker, for example) appears in the Company s records. All ownership figures are as of February 29, 2012.

Glenn A. Britt
Age: 63 Director since: 2004
Xerox securities owned: 1,000 common shares and 101,382 DSUs
Options/Rights: None
Occupation: Chairman and Chief Executive Officer, Time Warner Cable Inc.
Education: AB, Dartmouth College; MBA, Amos Tuck School of Business Administration
Other Directorships: Time Warner Cable Inc. (since 2003; Chairman since 2009); Cardinal Health, Inc. (since 2009); TIAA (2007-2009)

Other Background: Joined Time Inc. in 1972. Elected Vice President of Time Inc. in 1986, Treasurer in 1986 and Vice President-Finance in 1988. Became Senior Vice President and Treasurer of Time Warner Inc. and then President and CEO of Time Warner Cable Ventures. He has served as Time Warner Cable s Chairman since March 2009 and previously from August 2001 to March 2006. He has served as CEO of Time Warner Cable since 2001. Chair of the Compensation Committee of Xerox. Lead Independent Director of Xerox.

Mr. Britt brings to the Board expertise relevant to a large public company, including a broad range of business skills and experiences, financial literacy and expertise and executive and management leadership skills. These skills and expertise are the result of his education; long and successful business career, during which he served in several leadership positions including treasurer, chief financial officer and CEO of a leading cable telecommunications company; and his service on other public company boards and committees.

Ursula M. Burns
Age: 53 Director since: 2007
Xerox securities owned: 319,279 common shares; 226,169 common shares in a GRAT; 3,316 common shares in an ESOP account; an interest in approximately 4,987 common shares through the Xerox Stock Fund under the Xerox 401(k)Plan; immediate family owns 3,458 common shares and an interest in approximately 32,778 common shares through the Xerox Stock Fund under the Xerox 401(k)Plan
Options/Rights: 1,603,676 common shares
Occupation: Chairman of the Board and Chief Executive Officer, Xerox Corporation
Education: BS, Polytechnic Institute of New York; MS, Columbia University
Other Directorships: American Express Corporation (since 2004); Boston Scientific Corporation (2002-2009)

Other Background: Joined Xerox in 1980 and subsequently advanced through several engineering and management positions. Named Vice President and General Manager, Departmental Business Unit in 1997; Vice President, Worldwide Manufacturing in 1999; Senior Vice President, Corporate Strategic Services in 2000; Senior Vice President, President, Document Systems and Solutions Group in 2001; and Senior Vice President, President, Business Group Operations in 2002. Elected President in April 2007; Chief Executive Officer in July 2009; Chairman of the Board in May 2010.

Ms. Burns brings to the Board expertise relevant to a large public company, including her expertise in global business and technology; extensive operating and management experience at Xerox, a technology-driven global manufacturing and business services company, including currently serving as CEO; and deep understanding of Xerox s people and products that she has acquired in over 30 years of service at our Company. She also possesses a broad range of experience and skills garnered from the various other leadership positions she has held at Xerox and from her service on other public company boards and committees.

Richard J. Harrington
Age: 65 Director since: 2004
Xerox securities owned: 856 common shares and 72,943 DSUs
Options/Rights: None
Occupation: Chairman and General Partner, The Cue Ball Group; Retired President and Chief Executive Officer, The Thomson Corporation
Education: BA, University of Rhode Island
Other Directorships: Aetna, Inc. (since 2008)

Other Background: After his retirement from The Thomson Corporation, Mr. Harrington served as Chairman of the Thomson Reuters Foundation. Prior to his retirement, he was President and CEO of The Thomson Corporation. He joined Thomson in 1982 and held a number of leadership positions including President and CEO of Thomson Newspapers; President and CEO of Thomson Professional Publishing; President and CEO of Mitchell International and President of Thomson & Thomson. Employed as an auditor for Arthur Young & Co. for six years prior to joining Thomson. Chairman of the Audit Committee of Xerox.

Mr. Harrington brings to the Board expertise relevant to a large public company, including his broad business experience, extensive knowledge of complex operational matters, executive leadership expertise and financial literacy and expertise. These skills and expertise are the result of his training and work experience in accounting, his long and successful business career, during which he served in several leadership positions culminating in his serving as the CEO of a global provider of electronic information, software and services, and his service on other public company boards and committees.

William Curt Hunter
Age: 64 Director since: 2004
Xerox securities owned: 93,646 DSUs and an indirect interest in approximately 7,467 common shares through the Deferred Compensation Plan for Directors and 50 common shares held by immediate family
Options/Rights: None
Occupation: Dean, Tippie College of Business, University of Iowa
Education: BA, Hampton University; MBA, Northwestern University; PhD, Northwestern University
Other Directorships: Trustee of Nuveen Investments (since 2004); Wellmark, Inc. (since 2009); SS&C Technologies, Inc. (2005)

Other Background: From 2003 to 2006, held position of Dean and Distinguished Professor of Finance at the University of Connecticut. During a 15-year career with the Federal Reserve System, held various official positions including Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago and as Associate Economist on the Federal Reserve s Federal Open Market Committee (1995-2003). From 1988-1995, he held appointments as research officer and senior financial economist, and then as vice president at the Federal Reserve Bank of Atlanta. Held faculty positions at the University of Georgia, Atlanta University, Emory University and Northwestern University. Member of the Audit Committee and the Corporate Governance Committee of Xerox.

Mr. Hunter brings to the Board expertise relevant to a large public company, including his financial literacy and expertise, accounting skills and competency and overall financial acumen. These skills and expertise are the result of his education, service in the Federal Reserve System, service in various faculty positions at universities and his service on other public company boards and committees.

Robert J. Keegan
Age: 64 Director since: 2010
Xerox securities owned: 21,230 DSUs
Options/Rights: None
Occupation: Operating Partner, Friedman Fleischer & Lowe; Retired Chairman of the Board, Chief Executive Officer and President of The Goodyear Tire & Rubber Company
Education: BA, LeMoyne College; MBA, University of Rochester
Other Directorships: The Goodyear Tire & Rubber Company (2000-2010)

Other Background: Prior to his retirement, he served as President and Director of The Goodyear Tire & Rubber Company since 2000, and served as its Chief Executive Officer and Chairman of the Board from 2003 to 2010. He joined Goodyear in 2000 and held a number of leadership positions, including Chief Operating Officer. Previously he served as Executive Vice President of Eastman Kodak from 1997 until 2000. He held various marketing, financial and managerial posts at Eastman Kodak Company from 1972 through 2000, except for a two year period beginning in 1995 when he was an Executive Vice President of Avery Dennison Corporation. Member of the Audit Committee and the Compensation Committee of Xerox.

Mr. Keegan brings to the Board expertise relevant to a large public company, including his broad business experience, executive leadership expertise and extensive knowledge of financial and operational matters. These skills and experience are the result of his long and successful career during which he served in several leadership positions at The Goodyear Tire & Rubber Company and Eastman Kodak Company, culminating in his serving as Chairman and CEO at The Goodyear Tire & Rubber Company, a leading global company.

Robert A. McDonald
Age: 58 Director since: 2005
Xerox securities owned: 60,392 DSUs
Options/Rights: None
Occupation: Chairman, President and Chief Executive Officer, The Procter & Gamble Company
Education: BS, U.S. Military Academy; MBA, University of Utah
Other Directorships: The Procter & Gamble Company (since 2009; Chairman since 2010)

Other Background: Joined Procter & Gamble in 1980. Named Vice President and General Manager - Philippines, Asia/Pacific-South, Procter & Gamble Far East in 1994; Regional Vice President - Japan, Procter & Gamble Asia in 1996; President, Northeast Asia in 1999; President, Global Fabric & Home Care in 2001; Vice Chairman, Global Operations in 2004; Chief Operating Officer in 2007; President and Chief Executive Officer in 2009; Chairman in 2010. Member of the Audit Committee and Compensation Committee of Xerox.

Mr. McDonald brings to the Board expertise relevant to a large public company, including his business skills and experience, international experience, executive leadership expertise and extensive knowledge of financial and operational matters. These skills and experience are the result of his education and his long and successful career at Procter & Gamble, a leading global company, where he served in several leadership positions culminating in his currently serving as CEO and Chairman.

Charles Prince
Age: 62 Director since: 2008
Xerox securities owned: 10,000 shares of Common Stock, 44,378 DSUs
Options/Rights: None
Occupation: Retired Chairman and Chief Executive Officer, Citigroup Inc.
Education: BA, MA and JD, University of Southern California; LLM, Georgetown University
Other Directorships: Johnson & Johnson (since 2006); Citigroup Inc. (2003-2007; Chairman 2006-2007)

Other Background: Served as Chief Executive Officer of Citigroup Inc. from 2003 to 2007 and as Chairman from 2006 to 2007. Previously he served as Chairman and Chief Executive Officer of Citigroup s Global Corporate and Investment Bank from 2002 to 2003, Chief Operating Officer from 2001 to 2002 and Chief Administrative Officer from 2000 to 2001. Mr. Prince began his career as an attorney at U.S. Steel Corporation in 1975 and in 1979 joined Commercial Credit Company (a predecessor company to Citigroup) where he held various management positions until 1995, when he was named Executive Vice President. Member of the Corporate Governance Committee and the Finance Committee of Xerox.

Mr. Prince brings to the Board expertise relevant to a large public company, including a broad mix of business skills and experience, executive leadership expertise, organizational and operational management skills, international experience and knowledge of complex global business, financial and legal matters. These skills and experience are the result of his education, his long and successful career during which he served in several leadership positions culminating in his serving as CEO of a global financial services company and his service on other public company boards and committees.

Ann N. Reese
Age: 59 Director since: 2003
Xerox securities owned: 6,654 common shares and 81,434 DSUs
Options/Rights: 5,000 common shares
Occupation: Executive Director, Center for Adoption Policy
Education: BA, University of Pennsylvania; MBA, New York University Graduate School of Business
Other Directorships: Sears Holdings (since 2005); Genesee and Wyoming Inc. (since 2012); The Jones Group Inc. (2003-2011); Merrill Lynch & Co., Inc., (2004-2008); CBS Corporation (2005-2006)

Other Background: Co-founded the Center for Adoption Policy in 2001. Principal, Clayton, Dubilier & Rice, 1999 to 2000. Executive Vice President and Chief Financial Officer, ITT Corporation, 1995 to 1998; Treasurer, ITT Corporation, 1992 to 1995; Assistant Treasurer, ITT Corporation, 1987 to 1992. Chairman of the Corporate Governance Committee and member of the Finance Committee of Xerox.

Ms. Reese brings to the Board expertise relevant to a large public company, including her extensive executive experience in corporate finance, financial reporting and strategic planning, as well as her knowledge, perspective and corporate governance expertise. These skills and experience are the result of her long and successful career during which she served in several leadership positions, including chief financial officer and treasurer, and service on other public company boards and committees.

Sara Martinez Tucker
Age: 56 Director since: 2011
Xerox securities owned: 13,350 DSUs
Options/Rights: None
Occupation: Independent consultant; Former Under Secretary of Education in the U.S. Department of Education
Education: Bachelor of Journalism and MBA, University of Texas at Austin; honorary doctorates conferred by Boston College, the University of Maryland University College and the University of Notre Dame
Other Directorships: American Electric Power Co., Inc. (since 2009)

Other Background: Former Under Secretary of Education in the U.S. Department of Education (2006 2008). Chief executive officer and president of the Hispanic Scholarship Fund from 1997 to 2006. Prior experience as an AT&T executive. Member of the Corporate Governance Committee and the Finance Committee of Xerox.

Ms. Tucker was elected by the Board effective September 1, 2011. She was recommended for the Board by a non-management director. Ms. Tucker brings to the Board expertise relevant to a large public company, including her business experience and executive leadership expertise. These skills and experience are the result of her education, service at the United States Department of Education, leadership positions at the Hispanic Scholarship Fund and her service on other public company boards and committees.

Mary Agnes Wilderotter
Age: 57 Director since: 2006
Xerox securities owned: 56,031 DSUs
Options/Rights: None
Occupation: Chairman and Chief Executive Officer, Frontier Communications Corporation
Education: BA, College of the Holy Cross
Other Directorships: Frontier Communications Corporation (since 2004; Chairman since 2006); The Procter & Gamble Company (since 2009); Yahoo! Inc. (2007-2009); The McClatchy Company (2001-2007)

Other Background: Joined Frontier Communications Corporation (formerly Citizens Communications) in 2004 as President and Chief Executive Officer, named Chairman and Chief Executive Officer in 2006. Senior Vice President of Worldwide Public Sector, Microsoft, 2002-2004. President and Chief Executive Officer, Wink Communications, Inc., 1996-2002. Executive Vice President, National Operations, AT&T Wireless Services, Inc. and Chief Executive Officer of AT&T s Aviation Communications Division 1995-1996. Senior Vice President, McCaw Cellular Communications Inc., 1990-1995. Chairman of the Finance Committee of Xerox.

Mrs. Wilderotter brings to the Board expertise relevant to a large public company, including her broad business skills and experience and executive leadership expertise. These skills and experience are the result of her long and successful career in the cable and communications and information technology industries, during which she served in several leadership positions culminating in her currently serving as Chairman and CEO of a telecommunications and media company, and her extensive service on other public company boards and committees.

The Board of Directors recommends a vote

FOR

the election of the ten (10) Directors nominated by the Board of Directors

CORPORATE GOVERNANCE

Xerox is committed to the highest standards of business integrity and corporate governance. All of our directors, executives and employees must act ethically. In addition, our directors must act in accordance with our Code of Business Conduct and Ethics for Members of the Board of Directors; our principal executive officer, principal financial officer and principal accounting officer, among others, must act in accordance with our Finance Code of Conduct; and all of our executives and employees must act in accordance with our Code of Business Conduct. Each of these codes of conduct, as well as our Corporate Governance Guidelines and the charters of our Audit, Compensation, Corporate Governance and Finance Committees can be accessed through our website at *www.xerox.com/governance*. They are also available to any shareholder who requests them in writing addressed to Xerox Corporation, 45 Glover Avenue, P.O. Box 4505, Norwalk, CT 06856-4505, Attention: Corporate Secretary. We will disclose any future amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics for members of the Board of Directors and our Finance Code of Conduct for our officers on our website as promptly as practicable, as may be required under applicable SEC and NYSE rules. The Corporate Governance Committee of the Board periodically reviews and reassesses the adequacy of our overall corporate governance, Corporate Governance Guidelines and committee charters.

Director Nomination Process

The Corporate Governance Committee considers candidates for Board membership recommended by Board members, management, shareholders and others (see below). The Corporate Governance Guidelines require that a substantial majority of the Board should consist of independent directors and that management representation on the Board should be limited to senior Company management. There are no specific minimum qualifications that the Corporate Governance Committee believes must be met by prospective candidates; however, the Corporate Governance Committee applies the criteria set forth in our Corporate Governance Guidelines. These criteria include, among other things, the candidate s broad perspective, integrity, independence of judgment, experience, expertise, diversity, ability to make independent analytical inquiries, understanding of the Company s business environment and willingness to devote adequate time and effort to Board responsibilities. The Corporate Governance Committee does not assign specific weight to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

Our Corporate Governance Guidelines dictate that diversity should be considered by the Corporate Governance Committee in the director identification and nomination process. This means that the Corporate Governance Committee seeks nominees who bring a variety of business backgrounds, experiences and perspectives to the Board. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a broad diversity of experience, professions, skills, geographic representations, knowledge and abilities that will allow the Board to fulfil its responsibilities. Shareholders who wish to recommend individuals for consideration by the Corporate Governance Committee may do so by submitting a written recommendation to the Secretary of the Company, P.O. Box 4505, Norwalk, CT 06856-4505. Submissions must include sufficient biographical information concerning the recommended individual, including age, employment and current board memberships (if any), for the Corporate Governance Committee to consider. The submission must be accompanied by the written consent of the nominee to stand for election if nominated by the Board and to serve if elected by the shareholders. Recommendations received no earlier than November 11, 2012 and no later than December 11, 2012, will be considered for nomination at the 2013 Annual Meeting of Shareholders.

Board Leadership Structure

We believe that the most effective board structure is one that emphasizes Board independence and ensures that the Board s deliberations are not dominated by management while also ensuring that the Board and senior management act with a common purpose and in the best interest of the Company. We believe we achieve this balance through the appointment of our CEO as Chairman of the Board and the appointment of a lead independent director.

Accordingly, our CEO serves as Chairman of the Board of Directors. Our lead independent director s responsibilities include: presiding at executive sessions of the independent directors; calling special meetings of the independent directors, as needed; addressing individual Board member performance matters, as needed; and serving as liaison on Board-wide issues between the independent directors and the Chief Executive Officer, as needed. Under our Corporate Governance Guidelines, each regularly scheduled Board meeting must include an executive session of all directors and the CEO and a separate executive session attended only by the independent directors. Our Board is 90 percent comprised of directors who qualify as independent directors and each of our standing Board committees is comprised solely of independent directors, including our Corporate Governance Committee, which establishes our corporate governance policy and monitors the effectiveness of policy at the Board level. The lead independent director

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is instrumental in working with the Chairman and CEO and other Board members to provide effective, independent oversight of the Company s management and affairs. You can find more information on the lead independent director on the Company s website at *www.xerox.com/governance.*

Risk Oversight

Our Board of Directors oversees our Enterprise Risk Management process which is designed to strengthen our risk-management capability and to assess, monitor and manage all categories of business risk, including strategic, operational, compliance and financial reporting. The Company s Chief Financial Officer is responsible for the Company s Enterprise Risk Management function. To ensure that Enterprise Risk Management is integrated with our business management, the Company s Management Committee, the Business Ethics and Compliance Board, and various Internal Control committees, monitor risk exposure and the effectiveness of how we manage these risks. In addition, our major operating units are responsible for monitoring and managing the risks within their business.

While the Board of Directors has ultimate oversight responsibility for the risk management process, various committees of the Board have been delegated responsibility for certain aspects of risk management. The Audit Committee focuses on financial risk, including risks associated with internal controls, audit, financial reporting and disclosure matters. At least quarterly, the Audit Committee discusses with management and our internal and external auditors these exposures, our policies with respect to risk assessment and risk management and the steps management has taken to monitor and control these exposures. In addition, the Compensation Committee seeks to incent employees in a manner that discourages unnecessary or inappropriate risk-taking, while encouraging a level of risk-taking behavior consistent with the Company s business strategy.

Director Independence

A director is not considered independent unless the Board determines that he or she has no material relationship with the Company. The Board has adopted categorical standards to assist in both its determination and the Corporate Governance Committee s recommendation as to each director s independence. Under these categorical standards, a director will be presumed not to have a material relationship with the Company if:

(1) he or she satisfies the bright-line independence and other applicable requirements under the listing standards of the NYSE and all other applicable laws, rules and regulations regarding director independence, in each case from time to time in effect;

(2) he or she is not a current employee (and none of his or her immediate family members is employed as an executive officer, each as defined by the NYSE Corporate Governance Rules) of a company that has made payments to, or received payments from, the Company or any of its consolidated subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or one percent of such other company s consolidated gross revenues; and

(3) in the event that he or she serves as an executive officer or director of a charitable organization, the Company and its consolidated subsidiaries donated less than five percent of that organization s charitable receipts (provided that if within the preceding three years the Company and its consolidated subsidiaries donated annual aggregate contributions in excess of $1 million or two percent of the annual consolidated gross revenue of the charitable organization, such contributions must be disclosed in the Company s Proxy Statement).

Our Board has determined that all of the nominees for election as directors are independent under the NYSE Corporate Governance Rules, with the exception of Ursula M. Burns, our Chairman of the Board and Chief Executive Officer.

In addition, the Corporate Governance Committee reviews relationships involving members of the Board, their immediate family members and affiliates, and transactions in which members of the Board, their immediate family members and their affiliates have a direct or indirect interest in which the Company is a participant to determine whether such relationship or transaction is material and could impair a director s independence. In making independence determinations, the Board considers all relevant facts and circumstances from the point of view of both the director and the persons or organizations with which the director has relationships. See Certain Relationships and Related Person Transactions.

As a result of the aforementioned review, 90% of our nominees for election as directors are deemed to be independent.

Certain Relationships and Related Person Transactions

Related Person Transactions Policy

The Board has adopted a policy addressing the Company s procedures with respect to the review, approval and ratification of related person transactions that are required to be disclosed pursuant to Item 404(a) of Regulation S-K. The policy provides that any transaction, arrangement or relationship, or series of similar transactions, in which the Company will participate or has participated and a related person (as defined in Item 404(a) of Regulation S-K) has or will have a direct or indirect material interest, and which exceeds $120,000 in the aggregate, is subject to review (each such transaction, a Related Person Transaction). In its review of Related Person Transactions, the Corporate Governance Committee reviews the material facts and circumstances of the transaction and takes into account certain factors, where appropriate, based on the particular facts and circumstances, including: (i) the nature of the related person s interest in the transaction; (ii) the significance of the transaction to the Company and to the related person ; and (iii) whether the transaction is likely to impair the judgment of the related person to act in the best interest of the Company.

No member of the Corporate Governance Committee may participate in the review, approval or ratification of a transaction with respect to which he or she is a related person.

Certain Employment Arrangements

We actively recruit qualified candidates for our employment needs. Relatives of our executive officers and other employees are eligible for hire. We currently have 9 non-executive employees who are employed by Xerox or one of its subsidiaries who receive more than $120,000 in annual compensation (salary, incentive cash awards, equity awards and commissions) who are related to our current executive officers, including executive officers who are also directors. These are routine employment arrangements entered into in the ordinary course of business with compensation commensurate with that of their peers. The terms of their employment are consistent with the Company s human resources policies. Thomas Blodgett and Bill Blodgett, siblings of Lynn Blodgett, our Executive Vice President and Chief Executive Officer of ACS, earned $1,265,289 and $438,017, respectively, in compensation during 2011. Thomas Blodgett is a Chief Operating Officer (Europe) of ACS and has been with ACS for 14 years. Bill Blodgett is a Group President at ACS and has been with ACS for 12 years. Andrew Jenkins, Lynn Blodgett s son-in-law, earned $797,254 in compensation during 2011. Andrew Jenkins is a Senior Vice President of Sales at ACS and has been with ACS for 14 years. Robert Chilton, Lynn Blodgett s cousin, earned $264,706 in compensation during 2011. Robert Chilton is a Regional Vice President of ACS and has been with ACS for 13 years. Adam Blodgett, Lynn Blodgett s nephew, earned $290,614 in compensation during 2011. Adam Blodgett is a Vice President of Operations at ACS and has been with ACS for 9 years. The remaining 4 employees each received between $120,000 and $230,000 in compensation during 2011.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Committee Functions, Membership and Meetings

Our Board of Directors has four standing committees: Audit, Compensation, Corporate Governance and Finance. Set forth below is a list of the committees of our Board, a summary of the responsibilities of each committee, the number of committee meetings held during 2011 for each committee and a list of the members of each committee.

Audit Committee (12 meetings)

A copy of the charter of the Audit Committee is posted on the Company s website at *www.xerox.com/governance*.

The responsibilities of the Audit Committee include:

- oversee the integrity of the Company s financial statements;
- oversee the Company s compliance with legal and regulatory requirements;
- oversee the Company s risk assessment policies and practices, including the Enterprise Risk Management process;

- assess independent auditors qualifications and independence;
- assess performance of the Company s independent auditors and the internal audit function;

- review the Company s audited financial statements, including the Company s specific disclosure under Management s Discussion and Analysis of Financial Condition and Results of Operations, and recommend to the Board their inclusion in the Company s Annual Report on Form 10-K; and
- review and approve the Company s code of business conduct and ethics.

The Audit Committee is also responsible for the preparation of the Audit Committee Report that is included in this Proxy Statement on page 61.

Members: Richard J. Harrington; William Curt Hunter; Robert J. Keegan; and Robert A. McDonald.

Chairman: Mr. Harrington

Mr. Britt served on the Audit Committee until May 2011. The Board has determined that all of the members of the Audit Committee are (1) independent under the Company s Corporate Governance Guidelines and under the applicable SEC and NYSE Corporate Governance Rules and (2) audit committee financial experts, as defined in the applicable SEC rules, and are financially literate. Designation or identification of a person as an audit committee financial expert does not impose any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and the Board of Directors in the absence of such designation or identification.

Compensation Committee (4 meetings)

A copy of the charter of the Compensation Committee is posted on the Company s website at *www.xerox.com/governance*.

The responsibilities of the Compensation Committee include:

- oversee development and administration of the Company s executive compensation plans;
- set the compensation of the CEO and other executive officers;
- review and approve the performance goals and objectives for the compensation of the CEO and other executive officers;
- oversee the evaluation of the CEO and other executive officers;
- have sole authority to retain and terminate the consulting firms engaged to assist the Committee in the evaluation of the compensation of the CEO and senior management;
- consult with the CEO and advise the Board about senior management succession planning; and
- review and approve employment, severance, change-in-control, termination and retirement arrangements for executive officers.

The Compensation Committee is also responsible for reviewing and discussing the Compensation Discussion and Analysis (CD&A) with management, and has recommended to the Board that the CD&A be included in the Company s Proxy Statement (beginning on page 22) and incorporated by reference in the Company s 2011 Annual Report on Form 10-K. The CD&A discusses the material aspects of the Company s compensation objectives, policies and practices. The Compensation Committee s report appears on page 44 of this Proxy Statement.

The Compensation Committee has not delegated its authority for compensation for executive officers. The Compensation Committee has, however, delegated authority under the Company s equity plan to the CEO to grant equity awards to employees who are not executive officers. The CEO is responsible for setting the compensation of, reviewing performance goals and objectives for, and evaluating officers who are not executive officers.

Officer compensation decisions are made by the Compensation Committee after discussing recommendations with the CEO and the Senior Vice President of Human Resources. The Chief Financial Officer confirms the Company s financial results used by the

Compensation Committee to make compensation decisions. The Chief Financial Officer may attend Compensation Committee meetings to discuss financial targets and results for the Annual Performance Incentive Plan and the Executive Long-Term Incentive Program as described in the CD&A. The Compensation Committee meets in executive session to review and approve compensation actions for the CEO and Chairman.

The Compensation Committee has retained Frederic W. Cook & Co., Inc. as an independent consultant to the Compensation Committee. Frederic W. Cook & Co., Inc., including Mr. Cook, provides no services to management and provides an annual letter to the Compensation Committee affirming its independence. The consultant s responsibilities are discussed beginning on page 25 of this Proxy Statement.

Members: Glenn A. Britt; Robert J. Keegan; and Robert A. McDonald.

Chairman: Mr. Britt

N.J. Nicholas Jr. served as Chairman of the Compensation Committee until May 2011. The Board has determined that all of the members of the Compensation Committee are independent under the Company s Corporate Governance Guidelines and the NYSE Corporate Governance Rules. In addition, each Committee member is a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, and is an outside director as defined in section 162(m) of the Internal Revenue Code.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was or is an officer or employee of the Company or any of its subsidiaries. In addition, during the last fiscal year, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Board or Compensation Committee.

Corporate Governance Committee (5 meetings)

A copy of the charter of the Corporate Governance Committee is posted on the Company s website at *www.xerox.com/governance*.

The responsibilities of the Corporate Governance Committee include:

- identify and recommend to the Board individuals to serve as directors of the Company and on Board committees;
- advise the Board regarding Board composition, procedures and committees;
- develop, recommend to the Board and annually review the corporate governance principles applicable to the Company;
- review significant environmental and corporate social responsibility matters;
- administer the Company s Related Person Transactions Policy;
- evaluate and recommend director compensation to the Board; and
- oversee the annual Board and committee evaluation processes.

The Corporate Governance Committee recommends to the Board nominees for election as directors of the Company and considers the performance of incumbent directors in determining whether to recommend their nomination.

Members: William Curt Hunter; Charles Prince; Ann N. Reese; and Sara Martinez Tucker.

Chairman: Ms. Reese

Ms. Tucker joined the Corporate Governance Committee on December 7, 2011. The Board has determined that all of the members of the Corporate Governance Committee are independent under the Company s Corporate Governance Guidelines and the NYSE Corporate Governance Rules.

Finance Committee (3 meetings)

A copy of the charter of the Finance Committee is posted on the Company s website as described above.

The responsibilities of the Finance Committee are:

- review the Company s cash position, capital structure and strategies, financing strategies, insurance coverage and dividend policy; and

- review the adequacy of funding of the Company s funded retirement plans and welfare benefit plans in terms of the Company s purposes.

Members: Charles Prince; Ann N. Reese; Sara Martinez Tucker; and Mary Agnes Wilderotter.

Chairman: Mrs. Wilderotter

N.J. Nicholas Jr. served on the Finance Committee until May 2011. Ms. Tucker joined the Finance Committee on December 7, 2011. The Board has determined that all of the members of the Finance Committee are independent under the Company s Corporate Governance Guidelines and the NYSE Corporate Governance Rules.

Attendance and Compensation of Directors

Attendance: 6 meetings of the Board of Directors and 24 meetings of the Board committees were held in 2011. All incumbent directors attended at least 75 percent of the total number of meetings of the Board and Board committees on which they served. The Company s policy generally is for all members of the Board of Directors to attend the Annual Meeting of Shareholders. All nominees who served as directors last year attended the 2011 Annual Meeting of Shareholders.

We believe that attendance at meetings is only one means by which directors may contribute to the effective management of the Company and that the contributions of all directors have been substantial and are highly valued.

Summary of Director Compensation

Compensation for our directors is determined by the Corporate Governance Committee and approved by the full Board of Directors. Directors who are our employees receive no additional compensation for serving as a director. Accordingly, Ms. Burns did not receive any additional compensation for her service on the Board during 2011.

During fiscal year 2011, the annual cash retainer for directors was $65,000; the value of the annual equity retainer for directors was $130,000; the chairman of the Audit Committee received an additional $20,000; Audit Committee members received an additional $10,000; the chairman of the Compensation Committee received an additional $15,000; Compensation Committee members received an additional $5,000; the chairmen of the Corporate Governance and Finance Committees each received an additional $10,000; and the Lead Independent Director received an additional $15,000. The directors do not have an option to receive additional equity in lieu of cash, but do have the option to defer their cash payments under the existing Xerox Corporation Deferred Compensation Plan for Directors. Directors also receive reimbursement for out-of-pocket expenses incurred in connection with their service on the Board.

Each non-employee director is required to establish a meaningful equity ownership interest in the Company. This is achieved by paying the director s equity fees in DSUs, which by their terms are required to be held until the earlier of one year after termination of Board service or the date of death. DSUs are a bookkeeping entry that represents the right to receive one share of the Company s Common Stock at a future date. DSUs include the right to receive dividend equivalents, which are credited in the form of additional DSUs, at the same time and in approximately the same amounts that the holder of an equivalent number of shares of Common Stock would be entitled to receive in dividends. The DSUs are issued under the 2004 Directors Plan, which was approved by the Xerox shareholders at the 2004 Annual Meeting of Shareholders. Individually, the compensation for each non-employee director during fiscal year 2011 was as follows:

Name of Director (1)	Fees earned or paid in cash ($) (2)	Stock Awards ($) (3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (4)	Total ($)
Glenn A. Britt	87,500	130,000					217,500
Richard J. Harrington	85,000	130,000					215,000
William Curt Hunter	75,000	130,000					205,000
Robert J. Keegan	75,000	130,000					205,000
Robert A. McDonald	80,000	130,000					210,000
N. J. Nicholas, Jr.	72,500	130,000					202,500
Charles Prince	65,000	130,000					195,000
Ann N. Reese	82,500	130,000					212,500
Sara Martinez Tucker	21,667	43,333*					65,000
Mary Agnes Wilderotter	75,000	130,000					205,000

(1) Ms. Tucker was elected to the Board of Directors on September 1, 2011. Her director compensation for 2011 was pro-rated. Mr. Nicholas will not stand for reelection in 2012.

(2) No cash compensation was deferred in 2011 under the Deferred Compensation Plan for Directors.

(3) Compensation awarded in the form of DSUs are reflected in this column. The amount presented in this column reflects the aggregate grant date fair value of the DSUs awarded during 2011 computed in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 718, Compensation Stock Compensation.

The total number and value of all DSUs as of the end of 2011 (based on the year-end closing market price of our Common Stock of $7.96) held by each director is as follows: Mr. Britt, 93,372 ($743,241); Mr. Harrington, 64,933 ($516,867); Mr. Hunter, 85,636 ($681,663); Mr. Keegan, 13,220 ($105,231); Mr. McDonald, 52,382 ($416,961); Mr. Nicholas, 68,731 ($547,099); Mr. Prince, 36,368 ($289,489); Ms. Reese, 73,424 ($584,455); and Mrs. Wilderotter, 48,021 ($382,247).

*Since Ms. Tucker joined the Board in September 2011, her pro-rated equity retainer of $43,333 was not issued until January 2012.

(4) In accordance with applicable SEC rules, dividend equivalents paid in 2011 on DSUs are not included in All Other Compensation because those amounts were factored into the grant date fair values of the DSUs.

For information on compensation for directors who are officers, see the executive compensation tables beginning on page 45.

SECURITIES OWNERSHIP

Ownership of Company Securities

We are not aware of any person who, or group which, owns beneficially more than 5% of any class of the Company s equity securities as of December 31, 2011, except as set forth below[(1)].

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (2)
Common Stock	Dodge & Cox 555 California Street, 40th Floor San Francisco, CA 94104	107,648,062(2)	7.8%
Common Stock	Franklin Mutual Advisers, LLC 101 John F. Kennedy Parkway Short Hills, NJ 07078-2789	85,260,447(3)	6.4%
Common Stock	State Street Corporation, as Trustee under other plans and accounts State Street Financial Center One Lincoln Street Boston, MA 02111	83,247,849(4)	6.0%
Common Stock	BlackRock, Inc. 40 East 52nd Street New York, NY 10022	77,425,173(5)	5.6%
Common Stock	Darwin Deason 8181 Douglas Avenue, 10th Floor Dallas, TX 75225	74,350,614(6)	5.5%

(1) The words group and beneficial are as defined in regulations issued by the SEC. Beneficial ownership under such definition means possession of sole voting power, shared voting power, sole dispositive power or shared dispositive power. The information provided in this table is based solely upon the information contained in the most recent Form 13G or Form 13G/A filed by the named entity with the SEC (other than the information provided regarding the holdings of State Street Corporation acting as ESOP Trustee under the Xerox ESOP). The percent of class is calculated as of December 31, 2011. Dodge & Cox, BlackRock, Inc. and Franklin Mutual Advisers, LLC

are registered investment advisers under the Investment Advisers Act of 1940, as amended. BlackRock, Inc. has subsidiaries that are investment advisers under the Investment Advisers Act of 1940, as amended, with beneficial ownership of the shares.

(2) Within the total shares reported, as to certain of the shares, Dodge & Cox has sole voting power for 101,610,925 shares, sole dispositive power for 107,648,062 shares and has no shared voting or shared dispositive power for any of the shares. These securities are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts.

(3) Franklin Mutual Advisers, LLC has sole voting power and sole dispositive power for 85,260,447 shares, and has no shared voting power or shared dispositive power for any of the shares. These securities are beneficially owned by clients of Franklin Mutual, which clients may include investment companies registered under the Investment Company Act of 1940 and other managed accounts.

(4) Within the total shares reported, as to certain of the shares, State Street Corporation has shared voting power and shared dispositive power for 83,247,849 shares, and has no sole voting power or sole dispositive power for any of the shares. As of December 31, 2011, State Street Corporation held 14,057,520 of the total reported shares as ESOP Trustee under the Xerox ESOP. Each ESOP participant may direct the ESOP Trustee as to the manner in which shares allocated to his or her ESOP account shall be voted. The ESOP Trust Agreement provides that the ESOP Trustee shall vote any shares allocated to participants ESOP accounts as to which it has not received voting instructions in the same proportions as shares in participants ESOP accounts as to which voting instructions are received. The power to dispose of shares is governed by the terms of the ESOP Plan and elections made by ESOP participants.

(5) BlackRock, Inc. and its subsidiary companies have sole voting power and sole dispositive power for 77,425,173 shares, and have no shared voting power or shared dispositive power for any of the shares.

(6) Based solely on the Form 13G filed on February 16, 2010, as of February 5, 2010, Darwin Deason had sole voting power and sole dispositive power for 74,350,614 shares, and had no shared dispositive or shared voting power for any of the shares. The percent of class is based on 1,352,848,522 shares of the Company s total common stock outstanding on December 31, 2011. The total number of shares and the percent of class reported for Mr. Deason includes 300,000 shares of Xerox Series A Convertible Perpetual Preferred Stock held by Mr. Deason that are convertible into 26,966,280 shares of the Company s Common Stock and options held by Mr. Deason which are exercisable for 4,251,173 shares of the Company s Common Stock.

Shares of Common Stock of the Company owned beneficially by its directors and nominees for director, each of the current executive officers named in the Summary Compensation Table and all directors and current executive officers as a group, as of February 29, 2012, were as follows:

Name of Beneficial Owner	**Amount Beneficially Owned**	**Total Stock Interest**
Lynn R. Blodgett	3,439,780	3,694,760
Glenn A. Britt	1,000	102,382
Ursula M. Burns	842,223	2,193,664
James A. Firestone	793,676	1,208,740
Richard J. Harrington	856	73,799
William Curt Hunter	50	101,163
Robert J. Keegan	0	21,230
Luca Maestri	0	0
Robert A. McDonald	0	60,392
N. J. Nicholas, Jr.*	118,100	268,249
Charles Prince	10,000	54,378
Ann N. Reese	11,654	93,088
Sara Martinez Tucker	0	13,350
Mary Agnes Wilderotter	0	56,031
Armando Zagalo de Lima	289,060	670,006
All directors and executive officers as a group (19)	5,881,655	9,465,970

* Mr. Nicholas will not stand for reelection in 2012.

Percent Owned by Directors and Executive Officers: Less than 1% of the aggregate number of shares of Common Stock outstanding at February 29, 2012 is owned by any director or executive officer. The amount beneficially owned by all directors and executive officers as a group amounted to less than 1%.

Amount Beneficially Owned: The numbers shown are the shares of Common Stock considered beneficially owned by the directors and executive officers in accordance with SEC rules. Shares of Common Stock which executive officers and directors had a right, within 60 days, to acquire upon the exercise of options or rights are included. Shares held in a grantor retained annuity trust (GRAT) or by family members, shares held in the ESOP accounts and vested shares, the receipt of which have been deferred under one or more equity compensation programs, are also included. All these are counted as outstanding for purposes of computing the percentage of Common Stock outstanding and beneficially owned.

Total Stock Interest: The numbers shown include the amount shown in the Amount Beneficially Owned column plus options held by directors and executive officers not exercisable within 60 days, DSUs, performance shares and restricted stock units. The numbers also include the interests of executive officers and directors in the Xerox Stock Fund under the Xerox Corporation Savings Plan and the Deferred Compensation Plans.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act requires the Company s directors, executive officers and persons who own more than ten percent of the Common Stock of the Company, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of Common Stock of the Company. Directors, officers and greater than ten percent shareholders are required by the regulations of the SEC to furnish the Company with copies of all Section 16(a) reports they file. Based solely on review of the copies of such reports furnished to the Company or written representations that no other reports were required to be filed with the SEC, the Company believes that all reports for the Company s directors and executive officers that were required to be filed under Section 16 of the Securities Exchange Act of 1934 during the fiscal year ended December 31, 2011 were timely filed.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

2011 Performance Overview

2011 was another year of steady progress for Xerox. Highlights of our 2011 financial performance include:

- Total revenue was $22.6 billion, up 5 percent from the prior year and includes a 2-percentage point favorable impact from currency. On a pro forma basis (in which we include ACS results from January 1 through February 5 in our historical 2010 results), revenue was up 2 percent and includes a 2 percentage point favorable impact from currency.

- Adjusted Earnings per Share (EPS) of $1.08, an increase of 15 percent from the prior year. GAAP EPS of $0.90 was adjusted to exclude the amortization of intangible assets of $0.17 and the loss on early extinguishment of a liability of $0.01.

- Cash Flow from Operations of $2 billion. Our strong cash generation enables us to provide a return to shareholders through our share repurchase program and maintain our quarterly dividend.

Throughout the year, we faced a number of challenges. The earthquake in Japan impacted our supply chain in the first half of 2011. The European economies weakened during the latter part of the year. The political and social turmoil in the Middle East remains disruptive and affects our developing markets business. Start-up costs for the significant number of large services signings put pressure on our margins. Despite these challenges, we delivered solid financial results.

Linking Pay to Performance

Our compensation philosophy is to attract, retain and develop first-class executive talent, reward past performance and motivate future performance. Our approach to executive compensation is to pay for performance and align executive compensation with the Company s business strategy and the creation of long-term shareholder value. We reward named executive officers when the Company achieves annual and long-term performance objectives. Likewise, performance below targeted levels results in less than target compensation. Generally, two-thirds or more of our named executive officers pay is performance-based and, therefore, at risk and variable from year to year. In 2011, 89% of our Chief Executive Officer s target compensation was performance-based. By making performance a substantial component of executive compensation, we link our executives short- and long-term interests to those of our shareholders. Named executive officer compensation for 2011 was consistent with the objectives of our compensation philosophy and with our performance. The compensation actions taken by the Compensation Committee for our named executive officers are summarized below:

- Base Salaries: Based on concerns about the continuing weakness in the worldwide economy, the Committee determined that there would be no salary increases for named executive officers in 2011.

- Short-Term Incentives: revenue growth, earnings per share and core cash flow from operations were the 2011 performance measures for our annual short-term incentive program. Performance with respect to revenue growth was below threshold on a pro forma, constant currency basis; earnings per share was above target; and core cash flow from operations performance was below target. Based on these mixed performance results, the Compensation Committee used its negative discretion and approved short-term incentive awards accordingly for our named executive officers.

- Long-Term Incentives: The performance measures for our performance share award program in 2011 were revenue growth (which was a new measure added in 2011 to better reflect our business model), Earnings per Share and Core Cash Flow from Operations. Three of our named executive officers received increases in the target grant date value of their long-term incentive awards in 2011, driven by their significant roles at Xerox, internal comparisons and a review of external peer group data. However, shares actually earned for 2011 performance were lower than target, based on Core Cash Flow from Operations performance results. The CEO did not receive an increase in her long-term incentive award value.

Historical Payout Under Our Long-Term Incentive Program

Long-term incentives represent the majority of each of our named executive officer s target compensationOur annual long-term incentive awards are provided in the form of performance shares. From time to time, the Compensation Committee approves retention awards in the form for Restricted Stock Units. Under our long-term incentive performance share program, the number of performance shares that are earned and vest are based on achievement of performance goals over a three-year performance period and are directly linked to performance of the Company and shareholder value. If our shareholder value increases or decreases, so does the value of the executives performance shares. For example, performance share awards that were granted to participating named executive officers in July 2008 vested in July 2011. Based on achievement against performance measures and the stock price on the vesting date, the payout received was valued at 48% of the target grant date value. As an illustration, in July 2008, Ms. Burns received a target award valued on the grant date at $4 million. The value of her award on the vesting date in July 2011 was $1.9 million.

The chart below reflects historical payouts based on achievement against performance measures and the actual stock price on the vesting date:

Grant Date	Vesting Date	Performance Payout Factor as a % of Shares Granted	Actual Payout Value at Vesting as a % of Grant Date Award Value*
4/1/2006	4/1/2009	135%	42%
7/1/2007	7/1/2010	80%	35%
7/1/2008	7/1/2011	60%	48%

* The actual payout value is based on the calculated performance payout factor and the stock price on the vesting date.

Best Practices

The Committee regularly reviews executive compensation best practices and, consistent with these practices, made the following changes:

- After December 31, 2012, all Unfunded Supplemental Executive Retirement Plan (SERP) accruals will be frozen
- Added a clawback provision to our equity award agreements to permit recoupment of incentive compensation paid during the preceding three years, in excess of what would have been paid under an accounting restatement in the event of material noncompliance with financial reporting requirements resulting in an accounting restatement

Other best practices in place at Xerox include:

- Emphasizing pay for performance to align executive compensation with the Company s business strategy and the creation of long-term shareholder value
- Annual equity awards typically granted 100% in performance shares
- Stock ownership and post-retirement stock holding requirements
- No excise tax reimbursement for new change in control severance agreements entered into in October 2010 and later. Initiated phase out of excise tax gross-ups for agreements entered into prior to October 2010.
- Double-trigger vesting of equity awards upon a change in control
- Clawback provisions that permit recoupment in the event the participant engages in detrimental activity against Xerox
- Non-compete and non-solicitation agreements with key employees (where permissible under local law), prohibiting key employees who leave the Company from competing against the Company and from soliciting Xerox customers or current employees for a certain period of time after leaving the company
- Limited perquisites and no tax gross-ups on perquisites
- Independent consultant to the Committee who does not perform any other services for the Company
- Talent reviews are conducted annually with the Board to address succession planning and development of key executives
- Prohibition on hedging of Company stock
- Generally no employment agreements or golden parachutes

OVERVIEW

Shareholder value is delivered through a world-class management team. Our executive compensation program plays an important role in attracting, retaining, and rewarding people with the ability, drive and vision to manage our business and ensure our long-term success. Our executive compensation program is a significant component of our ability to create an advantage for Xerox in an increasingly competitive global market.

The Company named Luca Maestri to succeed Lawrence A. Zimmerman as Chief Financial Officer, effective February 16, 2011. Mr. Zimmerman stepped down from his position of Chief Financial Officer effective February 15, 2011 and retired from the Company on April 1, 2011. The named executive officers are the CEO, CFO and the three most highly compensated executive officers other than the CEO and CFO. The former Chief Financial Officer is also a named executive officer for 2011. The named executive officers for 2011 are:

Ursula M. Burns	Chairman and Chief Executive Officer
Luca Maestri	Executive Vice President and Chief Financial Officer
Lynn R. Blodgett	Executive Vice President; President, Services Business
Armando Zagalo de Lima	Executive Vice President; President, Technology Business
James A. Firestone	Executive Vice President; President, Corporate Operations
Lawrence A. Zimmerman	Former Vice Chairman and Chief Financial Officer

Our compensation objectives are to:

- attract first-class executive talent
- retain key leaders
- reward past performance
- motivate future performance
- align the long-term interests of our officers with those of our shareholders
- foster the identification and development of leadership potential in key talent

Our executive compensation program is designed to develop and motivate the individual and collective abilities of our management team. We consider Company business performance and the competitive marketplace in the design, delivery and funding of our total compensation program. We use a variety of compensation elements to achieve these objectives, including base salary, short-term incentives and long-term incentives. Our executive compensation program provides a framework for governing our overall employee compensation program by setting general standards of performance. This helps to create an environment that links goals, expectations and performance to rewards.

OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM

The Compensation Committee (Committee) administers the executive compensation program on behalf of the Board and our shareholders. The members of the Committee are Glenn A. Britt, who serves as the Committee chair, Robert A. McDonald and Robert J. Keegan. Mr. N.J. Nicholas, Jr. served as the Committee chair until May 26, 2011. The Committee is composed entirely of independent members of the Board, consistent with the governance standards under the listing requirements of the NYSE.

The Committee s responsibilities are discussed on page 17 of this Proxy Statement, and a complete description of its responsibilities and functions is set forth in its charter, which can be found on the Company s website at *www.xerox.com/governance.* For additional information on the members of the Committee, see Biographies.

The Committee has retained the services of an independent compensation consulting firm, Frederic W. Cook & Co., Inc., to assist with its responsibilities. This consultant works only for the Committee and has performed no work for the Company since being retained as an independent consultant to the Committee. As provided in its charter, the Committee has the authority to determine the scope of the consultant s services and may terminate the consultant s engagement at any time. The consultant reports to the Committee chair and is an independent resource if the Committee has any questions or wishes to discuss issues. During fiscal 2011, the consultant provided the following services:

- continuously updated the Committee on trends in executive compensation, including providing the Committee chair with proactive advice on emerging trends and best practices;
- reviewed officer compensation levels and the Company s overall performance compared to a peer group made up of organizations with which the Company is likely to compete for executive expertise, as well as companies of similar size and scope (see *Our Executive Compensation Principles* for additional information on the Xerox peer group);
- reviewed incentive compensation designs for short-term and long-term programs;
- advised the Committee on peer group companies for pay and performance comparisons;

- reviewed total shareholder return compared to the Xerox peer group, the S&P 500 and an industry peer group composed of companies in the S&P 500 IT Index;
- reviewed the Compensation Discussion & Analysis and related compensation tables for the proxy statement;
- reviewed Committee materials with management before distribution to Committee members in order to advise management and the Committee of possible issues and suggested changes;
- attended Committee meetings as requested by the Committee chair, including meetings in executive session; and
- specifically advised the Committee on CEO compensation decisions.

OUR EXECUTIVE COMPENSATION PRINCIPLES

The following core principles reflect the compensation philosophy of the Company with respect to the named executive officers, as established and refined from time to time by the Committee:

1. Compensation should reinforce the Company s business objectives and values.
2. Compensation should be linked to performance and should not motivate unnecessary risk for the Company.
3. There should be flexibility in allocating the various compensation elements.
4. Compensation opportunities should be competitive.
5. Incentive compensation should balance short-term and long-term performance.
6. Named executive officers should have financial risk and reward tied to their business decisions.

These principles are intended to motivate the named executive officers to improve the Company s financial performance; to be personally accountable for the performance of the business units, divisions, or functions for which they are responsible; and to collectively make decisions about the Company s business that will deliver value to shareholders over the long term. Here is how we put these principles into practice:

1. <u>Compensation should reinforce the Company s business objectives and values</u>.
Our executive compensation program includes the incentives necessary to reward the contributions and leadership that serve to increase profits, revenue, operating cash flow and shareholder value; enhance confidence in our financial stewardship; create and maintain the high morale and commitment of our employees; and enhance our reputation as a responsible corporate citizen.

2. <u>Compensation should be linked to performance and should not motivate unnecessary risk for the Company</u>.
We consider both business performance and the competitive marketplace when we design, deliver and fund our compensation programs. We pay for performance by rewarding superior performers with premium compensation. We reward named executive officers when the Company achieves annual and long-term performance objectives. Likewise, performance below targeted levels results in less than target compensation. The Committee believes that a significant portion of a named executive officer s total compensation should be variable and tied to how well the Company, the individual, and the individual s business unit, division, or function performs against financial and non-financial objectives. Generally two-thirds or more of our named executive officers pay is performance-based and, therefore, at risk and variable from year to year.

In 2011, performance-based compensation was approximately 79% or more of total target compensation with the exception of Mr. Zimmerman who retired on April 1 and did not receive a long-term incentive award. For Ms. Burns, performance-based compensation was 89% of her total target compensation. Total target compensation includes base salary, target annual short-term cash incentives and target annual long-term equity incentive awards.

The philosophy and design of our programs are intended to keep executives focused on both the short-term and long-term performance of the Company. The Committee considers the impact of these programs on the behavior of the senior management team, including named executive officers, particularly related to short-term and long-term incentives. Performance objectives should not incent executives to take unnecessary risk that could jeopardize the health and future of the Company. The Committee believes that our programs motivate positive behavior while balancing risk and reward, consistent with the interests of shareholders. A risk assessment was conducted for broad-based and executive compensation plans covering all employees. Based on this assessment and a review of our internal controls, it was determined that our compensation plans and practices do not motivate behavior that could have a material adverse impact on the Company. This pay is also subject to certain clawbacks in the event of material accounting restatements or engagement in detrimental activity against the Company.

3. There should be flexibility in allocating the various compensation elements.
The Committee believes that the majority of our named executive officers compensation should be at risk through short-term cash and long-term equity incentives. It does not target any specific mix of elements of compensation in cash versus equity, or in fixed pay versus variable pay. Instead, the Committee has the flexibility to establish compensation consistent with the principle that the majority of pay should be at risk.

4. Compensation opportunities should be competitive.
Our total compensation program must be flexible to competitively attract, retain and motivate talent to drive the business in a global market. The Committee does not target a specific competitive position relative to the market in considering the compensation of our named executive officers. However, to further this principle, the Committee does review peer group compensation data from proxy statements annually to ensure that our executive compensation program for named executive officers is competitive in the global office equipment, technology, document services and business process and information technology outsourcing industries and with the Company s direct competitors.

Xerox Peer Group
The Committee compares named executive officer pay to peer group proxy data. Our peer group is made up of companies with which we are likely to compete for executive talent as well as companies of similar size and scope. The Committee regularly reviews the appropriateness of the peer group. As such, a new peer group was established for 2011 to reflect our acquisition of Affiliated Computer Services, Inc. (ACS) and the Company s resulting shift towards a services-based business model. The 2011 peer group is comprised of companies that share a similar business model in one or more areas, including their mix of goods and services, technology focus, strong brand recognition and focus on global operations. The median revenue of this peer group was approximately $23 billion (with Xerox revenue of $22 billion) as of July 2011 when the Committee last reviewed the peer group data. The 25th percentile for the peer group revenue data was $16 billion and the 75th percentile was $41 billion.

The 2011 peer group is listed below:

Accenture	EMC	Pitney Bowes
Automatic Data Processing	Emerson Electric	Ricoh*
Canon*	Hewlett-Packard	Seagate Technology
Cisco Systems	Honeywell International	Texas Instruments
Computer Science Corp.	Intel Corp.	3 M
Dell	Lexmark International	United Technologies
E.I. du Pont de Nemours and Co.	Motorola Solutions	

* Not included in pay comparisons as these are non-U.S. headquartered companies and compensation data are not readily available.

5. Incentive compensation should balance short-term and long-term performance.
While the Committee seeks to structure a balance between achieving strong annual results and ensuring the Company s long-term viability and success, it does not target a specific mix of short-term and long-term incentives. Named executive officers are regularly provided incentive opportunities based on achievement of both short-term and long-term objectives. The portion of total compensation represented by the Company s short-term and long-term incentive programs increases with positions at higher levels of responsibility such as those held by named executive officers who have the greatest influence over time on the Company s strategic direction and results.

6. Named executive officers should have financial risk and reward tied to their business decisions.
The Committee believes that named executive officers should have a financial interest in the Company s long-term results. Consequently, we require our named executive officers to be shareholders of the Company and provide them various ways to do so. In addition, the majority of the compensation of our named executive officers is designed to be at risk through short-term and long-term incentives.

Ownership Requirements

We require each named executive officer as a participant in the Executive Long-Term Incentive Program (E-LTIP) to build and maintain a meaningful level of stock ownership by owning equity equal in value to three times their base salary. (A description of the E-LTIP can be found in the section on Long-Term Incentives.) E-LTIP awards are subject

to a mandatory holding requirement. As determined by the Committee, named executive officers must retain at least 50% of the shares acquired through the vesting of awards, net of taxes, until they achieve their required level of ownership. Once achieved, named executive officers must continue to maintain their ownership level until separation from the Company. A retention requirement is also applicable for up to one year following separation (including retirement). The CEO has the authority to permit discretionary hardship exceptions from the ownership and holding requirements to enable participants with financial need to access their vested shares. No such exceptions have been requested. Named executive officers are prohibited from engaging in short-swing trading and trading in puts and calls with respect to Xerox stock. Shares that count towards reaching ownership requirements include shares owned outright (whether or not held in street name), shares held in an ESOP account, earned Performance Shares, outstanding Restricted Stock Units, deferred Performance Shares and Restricted Stock Units, Deferred Compensation that mirrors investments in the Xerox stock fund, and 401(k) savings invested in the Xerox Stock Fund.

Hedging

Our executive officers are prohibited from using any strategies or products to hedge against the potential changes in the value of Xerox stock.

Window Trading

Under the Company s insider trading policy, officers may only purchase or sell Xerox securities during window periods, which are 10-business day periods that begin on the third business day following the date of each quarterly earnings announcement. The only exception to this is for officers who have entered into a trading plan pursuant to SEC Rule 10b5-1.

PERFORMANCE OBJECTIVES

The Committee sets performance objectives for the CEO. The CEO sets performance objectives for other named executive officers who are her direct reports. The objectives for these named executive officers align with those of the CEO. The CEO s 2011 performance objectives included:

- financial growth (revenue growth, earnings per share and cash flow)
- driving business growth (expanding document services outsourcing business, realizing Xerox/ACS synergy opportunities, expanding market reach)
- engaging employees, shareholders and customers in Xerox mission (regularly communicating Company vision, key next steps and progress, retaining talent, enhancing customer focus, maintaining focus on global environment through sustainable innovation and development)
- refining and implementing organizational structure with a focus on performance excellence
- enhancing Xerox competitiveness and flexibility (expanding and strengthening our brand, continuing to advance IT infrastructure, building and deploying global HR strategy and practices)

The Committee expects a high level of individual and collaborative performance and contributions, consistent with our named executive officers level of responsibility. The Committee discusses and evaluates the quality of the overall performance of the CEO after considering the CEO s self-assessment and Company s performance. The CEO in turn reviews with the Committee her assessment of the performance of the other named executive officers. However, named executive officers are not compensated based on individual performance objectives. Base salary increases, short-term incentive targets and long-term incentives are determined based on a review of peer group data and internal comparisons to ensure that pay is competitive and is consistent with company succession planning objectives, and that there is internal pay equity to differentiate pay among executive officers. Named executive officer short-term incentive payments are not structured around achievement of individual performance objectives. They are earned as a team working together to achieve company results and are determined based on overall quantitative financial performance of the company.

COMPONENTS OF THE EXECUTIVE COMPENSATION PROGRAM

The primary elements of our executive compensation program for our named executive officers are:

1. base salary
2. short-term incentives
3. long-term incentives

4. pension plans

5. 401(k) savings plans

6. perquisites and personal benefits

7. change-in-control severance benefits

ACS Acquisition Mr. Blodgett s Compensation

A Senior Executive Agreement (SEA) was entered into among Mr. Blodgett, ACS and Xerox on September 27, 2009, in connection with the acquisition of ACS, which was completed on February 5, 2010. The purpose of the SEA was to terminate in all respects the prior change of control agreement (Prior Change of Control Agreement) that existed between Mr. Blodgett and ACS. The terms of the SEA were the result of negotiations among the parties. In exchange for the SEA, the Prior Change of Control Agreement ceased to have effect. For this reason, many of the elements of Mr. Blodgett s compensation are provided under the SEA and may not be comparable to the elements of compensation described above. A separate summary of Mr. Blodgett s compensation under the SEA appears beginning on page 41.

New Chief Financial Officer Mr. Maestri s Compensation

Mr. Maestri s 2011 compensation was approved as part of his new hire package in December 2010 when he was elected to the position of Chief Financial Officer, effective February 16, 2011. A summary of Mr. Maestri s new hire compensation package can be found on page 41.

Former Vice Chairman and Chief Financial Officer Mr. Zimmerman s Compensation

Although Mr. Zimmerman stepped down from his position of Chief Financial Officer, effective February 15, 2011, and retired from the company on April 1, 2011, he still qualifies as a named executive officer for 2011. Mr. Zimmerman s compensation for 2011 is presented in the *Summary Compensation Table* and other tables as appropriate.

The Role of Shareholder Say-on-Pay Votes

At the Company s annual meeting of shareholders held in May 2011, a substantial majority of the votes cast on the annual advisory vote on executive compensation proposal were voted in favor of the proposal. Although the Committee believes the favorable vote supports the Company s approach to compensation, the Committee decided to undertake a comprehensive review of the Company s executive compensation program for 2013. After considering the outcome of the advisory vote, no significant changes to the executive compensation program were made by the Committee for 2012. The Company will continue to reach out to institutional investors and the Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the named executive officers.

Establishing Executive Compensation

Each year, the Committee is provided with a comparison of the compensation of the Company s named executive officers with that of the named executive officers of the Company s peer group (peer group is described under Our Executive Compensation Principles). Peer group compensation data for the following components is gathered from the most recent proxy statements for these elements of pay:

- base salary
- short-term incentives
- total cash compensation (base salary plus short-term incentives)
- long-term incentives
- total compensation (total cash plus long-term incentives)

The proxy peer group data was collected by Buck Consultants, an ACS subsidiary, which provides consulting services to management, and was analyzed and presented to the Committee by Frederic W. Cook & Co., Inc., the Committee s consultant. The peer group target compensation for each named executive officer is used as a competitive reference point but is not used as a specific benchmark or to target a specific percentile of the market. However, the primary reference point presented is the median of the peer group data. The Committee s consultant also conducts an analysis of actual named executive officer compensation and the Company s overall performance compared to actual compensation and performance of our peer group. The Company s performance in relation to the peer group, including total shareholder return, is reviewed by the Committee in considering appropriate compensation.

To assist the Committee in its review of compensation, Ms. Burns presents her evaluation of the management team to the Committee, including a review of contributions and performance over the past year, and recommends compensation actions. Following this presentation, the Committee makes its own assessments and formulates compensation amounts for each named executive officer for base salary, and short-term and long-term incentives. For each named executive officer (and for each component of compensation), in addition to a review of peer group data, the Committee assesses past contributions, expected future contributions, overall Company performance, succession planning objectives, retention objectives and internal equity with respect to each named executive officer s compensation compared to other officers within the Company. The Committee also considers affordability. Once all components of compensation are established, the Committee balances this assessment against competitive pay practices and verifies that the total compensation for each named executive officer is appropriate and competitive.

The CEO is not present when the Committee discusses and establishes her annual compensation. Ms. Burns target compensation is reviewed against peer group data as a reference point and takes into account overall Company performance and her role in leading Xerox. Ms. Burns compensation is higher than that of our other named executive officers due to her significantly greater scope of responsibility. Her compensation opportunity is competitive with the compensation of peer group CEOs and is determined under the same programs and policies as other Xerox named executive officers.

This process of establishing executive compensation is completed with the input of the Committee s consultant and includes a review of evolving market practices, external regulatory and other developments, the market for executive talent, and the Committee s and Company s executive compensation philosophy. To assist in the overall understanding of compensation, the Committee also reviews named executive officer compensation under various termination scenarios as provided in the table on *Potential Payments upon Termination or Change in Control*, but this is not a material driver of compensation decisions.

2011 Total Target Compensation

For purposes of market comparisons, total target compensation (base salary + target short-term incentive award + target long-term incentive award), equal to plus or minus 20% of the peer group median, is considered within target range. When analyzing the value of our long-term incentive awards, we include the target award value. The value of special, one-time retention restricted stock unit awards are excluded from our calculations. This approach is consistent with how we review peer group data.

The 2011 total target compensation for our named executive officers in relation to the median of the peer group s total target compensation (based on the most current proxy data available) was as follows:

- Ms. Burns was 7% below the median.
- Mr. Maestri was 23% below the median.
- Mr. Blodgett s compensation was at the median.
- Mr. Zagalo de Lima was 9% above the median.
- Mr. Firestone was 16% above the median.
- Since the Committee was aware of Mr. Zimmerman s intention to retire in April 2011, it did not review his compensation against 2011 market data.

For additional information, see the *Executive Compensation Summary for Lynn Blodgett* and the *Summary Compensation Table.*

1. <u>Base Salary</u>
Base salary is the fixed pay element of our compensation program. Every year, the Committee determines the base salary of the CEO and Chairman, and reviews and approves the CEO s recommendation for the base salaries of the other named executive

officers. The Committee typically reviews and approves base salaries each February.

The Committee also reviews named executive officer salaries when there is a specific change, such as a promotion or achievement of an extraordinary level of performance. Salary increases are determined based on a review of peer group proxy data and internal comparisons to ensure that pay is competitive, that any increases are consistent with Company succession planning objectives and that there is internal equity to differentiate pay among named executive officers.

2011 Base Salary Actions

Consistent with the decision not to give base salary increases to executives in 2011 as a result of the uncertain business environment (unless there had been a promotion or a significant increase in scope of responsibility), no base salary increases were given to our named executive officers. The salaries paid to the named executive officers during fiscal year 2011 are shown in the *Summary Compensation Table.*

2. Short-Term Incentives

Every February, the Committee approves a Short-Term Incentive Pool under the Xerox Corporation 2004 Performance Incentive Plan, as amended and restated (2004 Performance Incentive Plan) for the CEO and other executive officers, including the named executive officers, under which each participating officer is entitled to a specified portion of the pool if certain pre-established performance goals are attained. The total of the allocated portions does not exceed 100% of the pool. These short-term incentive opportunities provide variable cash compensation based on the achievement of annual performance objectives. In 2011, the pool was funded by 2% of the Performance Profit achieved during the year. The Committee defined Performance Profit as income from continuing operations before income taxes, equity income, discontinued operations and extraordinary items, excluding restructuring charges and amortization of intangibles as identified in the audit