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AFFILIATED COMPUTER SERVICES INC

Form 425

October 01, 2009

Filed by Xerox Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12 under the

Securities Exchange Act of 1934

Subject Company: Affiliated Computer Services, Inc.

Commission File No.: 1-12665

The proposed merger transaction involving Xerox and ACS will be submitted to the respective stockholders of Xerox and ACS for their consideration. In connection with the proposed merger, Xerox will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of Xerox and ACS that also constitutes a prospectus of Xerox. Xerox will mail the joint proxy statement/prospectus to its stockholders. **Xerox and ACS urge investors and security holders to read the joint proxy statement/prospectus regarding the proposed transaction when it becomes available because it will contain important information.** You may obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Xerox and ACS, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, when available, without charge, from Xerox's website, [www.xerox.com](http://www.xerox.com), under the heading "Investor Relations" and then under the heading "SEC Filings". You may also obtain these documents, without charge, from ACS's website, [www.acs-inc.com](http://www.acs-inc.com), under the tab "Investor Relations" and then under the heading "SEC Filings".

Xerox, ACS and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from the respective stockholders of Xerox and ACS in favor of the merger. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective stockholders of Xerox and ACS in connection with the proposed merger will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find information about Xerox's executive officers and directors in its definitive proxy statement filed with the SEC on April 6, 2009. You can find information about ACS's executive officers and directors in its definitive proxy statement filed with the SEC on April 14, 2009. You can obtain free copies of these documents from Xerox and ACS websites using the contact information above.

This release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "estimate," "expect," "intend," "will," "should" and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. These factors include but are not limited to: the unprecedented volatility in the global economy; the risk that the future business operations of ACS will not be successful; the risk that we will not realize all of the anticipated benefits from our acquisition of ACS; the risk that customer retention and revenue expansion goals for the ACS transaction will not be met and that disruptions from the ACS transaction will harm relationships with customers, employees and suppliers; the risk that unexpected costs will be incurred; the outcome of litigation and regulatory proceedings to which we may be a party; actions of competitors; changes and developments affecting our industry; quarterly or cyclical variations in financial results; development of new products and services; interest rates and cost of borrowing; our ability to protect our intellectual property rights; our ability to maintain and improve cost efficiency of operations, including savings from restructuring actions; changes in foreign currency exchange rates; changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the foreign countries in which we do business; reliance on third parties for manufacturing of products and provision of services; and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of our Quarterly Report on Form 10-Q for the quarters ended March 31, 2009 and June 30, 2009 and our 2008 Annual Report on Form 10-K and ACS's 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

Wall Street Journal

HEARD ON THE STREET SEPTEMBER 30, 2009

**BY MARTIN PEERS**

**Xerox has produced its own copy of the hardware-to-services strategy.**

International Business Machines, and more recently Hewlett-Packard, have both benefited from offsetting low growth in hardware markets with expansion in IT services. The service business provides both reliably recurring revenue and the opportunity to sell hardware to service clients.

Last week, Dell said it would pay a hefty price to follow suit with Perot Systems. And now Xerox is pursuing its own version of the strategy with its roughly \$5.6 billion deal for Affiliated Computer Services, which specializes in business process outsourcing. Loosely translated, that is the humdrum work processing Medicare claims or running high-tech highway-toll collections.

It isn't as sophisticated as IT outsourcing like management of data centers. But Gartner projects a compound annual growth rate of 3.4% for global business-process outsourcing between 2008 and 2013, compared with 3% for IT outsourcing.

Still, the worry for Xerox shareholders—aside from delaying a resumption of hefty stock buybacks—is that the company is simply buying what is available as it grasps for revenue growth. It isn't a secret that ACS, the subject of an abortive 2007 buyout, long has been on the block. Little wonder Xerox's stock price fell 15%.

But the story is less glum than it looks. ACS has drawn little interest partly because it offers hardware manufacturers little opportunity for equipment cross-sales. Xerox hopes to marry its document technologies with ACS's paper-heavy processing work. It can use its overseas presence to expand ACS. Xerox also is paying a reasonable price of about 13.5 times consensus fiscal 2010 earnings, well below the 29 times that Dell is paying for Perot. Investors may be overreacting.