XEROX CORP
Form 424B5
March 09, 2012
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**Filed Pursuant to Rule 424(b)(5)**

**Registration No. 333-166431**

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Maximum Offering Price Per Unit | Maximum Aggregate Offering Price | Amount of Registration Fee(1) |
|---|---|---|---|---|
| Floating Rate Senior Notes due 2013 | $600,000,000 | 100.000% | $600,000,000 | $68,760 |
| 2.950% Senior Notes due 2017 | $500,000,000 | 99.875% | $499,375,000 | $57,300 |

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the Securities Act ).

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**Prospectus Supplement**

**(To Prospectus Dated April 30, 2010)**

# $1,100,000,000

# Xerox Corporation

## $600,000,000 Floating Rate Senior Notes due 2013

## $500,000,000 2.950% Senior Notes due 2017

We are offering $600,000,000 aggregate principal amount of our floating rate senior notes due 2013 (the floating rate notes ) and $500,000,000 aggregate principal amount of our 2.950% senior notes due 2017 (the fixed rate notes ).

The fixed rate notes will mature on March 15, 2017. We will pay interest on the fixed rate notes on each March 15 and September 15, commencing on September 15, 2012. The floating rate notes and the fixed rate notes are collectively referred to herein as the notes.

The floating rate notes will mature on September 13, 2013. The floating rate notes will bear interest at a rate per annum, reset quarterly, equal to three month LIBOR plus 1.400%. We will pay interest on the floating rate notes on each March 13, June 13, September 13 and December 13, commencing on June 13, 2012.

We may redeem the fixed rate notes at any time, and from time to time, by paying to the holders thereof 100% of the principal amount plus a make-whole redemption premium. The floating rate notes are not redeemable prior to maturity. If a change of control purchase event occurs, we will be required to offer to purchase all of the notes from the holders at a price equal to 101% of the principal amount thereof.

The notes will be unsecured and will rank senior to all our existing and future subordinated debt and will rank equally in right of payment with our existing and future unsecured senior debt. The notes will be effectively subordinated to any of our secured debt. The notes will be structurally subordinated to the debt and all other obligations of our subsidiaries.

**Investing in the notes involves a high degree of risk. See Risk Factors beginning on page S-5 of this prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

| | Public Offering Price(1) | Underwriting Discount | Proceeds, Before expenses, to us(1) |
|---|---|---|---|
| Per floating rate note | 100.000% | 0.250% | 99.750% |
| Floating rate note total | $ 600,000,000 | $ 1,500,000 | $ 598,500,000 |
| Per fixed rate note | 99.875% | 0.600% | 99.275% |
| Fixed rate note total | $ 499,375,000 | $ 3,000,000 | $ 496,375,000 |
| Total | $ 1,099,375,000 | $ 4,500,000 | $ 1,094,875,000 |

(1) Plus accrued interest, if any, from March 15, 2012

**The notes will not be listed on any securities exchange. Currently, there are no public markets for the notes.**

We expect that delivery of the notes will be made to purchasers in book-entry form through The Depository Trust Company for the account of its participants, including Clearstream Banking société anonyme and Euroclear Bank, S.A./N.V., on or about March 15, 2012.

*Joint Book-Running Managers*

**BofA Merrill Lynch** **BNP PARIBAS** **Citigroup** **J.P. Morgan**

*Co-Managers*

**Credit Suisse** **Goldman, Sachs & Co.** **HSBC**
**Lloyds Securities** **Mizuho Securities** **UBS Investment Bank**

The date of this prospectus supplement is March 8, 2012

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**In making your investment decision, you should rely on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as**

**of the dates on their respective covers. Our business, financial condition, results of operations and prospects may have changed since those dates. Neither the delivery of this prospectus supplement and the accompanying prospectus nor any sale made hereunder shall under any circumstance imply that the information in or incorporated by reference in this prospectus supplement is correct as of any date subsequent to the date on the cover of this prospectus supplement or that the information contained in the accompanying prospectus is correct as of any date subsequent to the date on the cover of the accompanying prospectus.**

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with the documents incorporated by reference and the additional information described below under the heading Where You Can Find More Information.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Incorporation of Certain Documents By Reference in this prospectus supplement.

In this prospectus supplement, except as otherwise indicated herein, references to Xerox, the Company, we, us or our refer to Xerox Corpora and its subsidiaries and, in the context of the notes, Xerox, the Company, we, us and our shall only refer to Xerox Corporation, the issuer of notes.

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act ). In accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC ). Our SEC file number is 001-04471. You can read and copy this information at the following location of the SEC:

Public Reference Room

100 F Street, N.E.

Room 1850

Washington, D.C. 20549

You can also obtain copies of these materials from this public reference room, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room. The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is www.sec.gov.

This prospectus supplement and the accompanying prospectus, which form a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus supplement, the accompanying prospectus or any documents incorporated by reference concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

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## DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any documents incorporated by reference into this prospectus may contain 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 expr 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: changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the United States and in the foreign countries in which we do business; changes in foreign currency exchange rates; actions of competitors; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that unexpected costs will be incurred; our ability to expand equipment placements; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security; our ability to recover capital investments; development of new products and services; our ability to protect our intellectual property rights; interest rates, cost of borrowing and access to credit markets; the risk multi-year contracts with governmental entities could be terminated prior to the end of the contract term; reliance on third parties for manufacturing of products and provision of services; our ability to drive the expanded use of color in printing and copying; the outcome of litigation and regulatory proceedings to which we may be a party; and other factors that are set forth in the Risk Factors section in this prospectus supplement, the Risk Factors section, Legal Proceedings section, the Management s Discussion and Analysis of Financial Condition and Results of Operations section and other sections of our Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC. The Company 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.

## MARKET AND INDUSTRY DATA

Certain market and industry data included or incorporated by reference in this prospectus supplement and in the accompanying prospectus has been obtained from third party sources that we believe to be reliable. Market estimates are calculated by leveraging third-party forecasts from firms such as International Data Corporation and Infosource in conjunction with our assumptions about our markets. We have not independently verified such third party information and cannot assure you of its accuracy or completeness. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings Disclosure Regarding Forward-Looking Statements and Risk Factors in this prospectus supplement and in the accompanying prospectus as well as those listed under Forward Looking Statements and Risk Factors in the documents enumerated under Incorporation of Certain Documents by Reference including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2011, as filed with the SEC and under similarly captioned sections in future filings that we make with the SEC under the Exchange Act.

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## OFFERING SUMMARY

The following is a summary of some of the terms of this offering. For a more complete description of the terms of the notes, please refer to Description of the Notes in this prospectus supplement and Description of the Debt Securities and Convertible Debt Securities in the accompanying prospectus.

| | |
|---|---|
| Issuer | Xerox Corporation. |
| Notes Offered | $600,000,000 aggregate principal amount of Floating Rate Senior Notes due 2013. |
| | $500,000,000 aggregate principal amount of 2.950% Senior Notes due 2017. |
| Maturity Date | Floating Rate Notes: September 13, 2013. |

Fixed Rate Notes: March 15, 2017.

| | |
|---|---|
| Interest Rate | The floating rate notes will bear interest from March 15, 2012 at a rate per annum, reset quarterly, equal to three month LIBOR plus 1.400%, payable quarterly. |
| | The fixed rate notes will bear interest from March 15, 2012 at the rate of 2.950% per annum, payable semiannually in arrears. |
| Interest Payment Dates | Floating Rate Notes: March 13, June 13, September 13 and December 13 of each year, commencing on June 13, 2012. |

Fixed Rate Notes: March 15 and September 15 of each year, commencing on September 15, 2012.

| | |
|---|---|
| Ranking | The notes are unsecured and will rank equally in right of payment with all of our other existing and future senior unsecured indebtedness. |
| | The notes will be effectively subordinated to all of the secured indebtedness of Xerox Corporation (excluding its subsidiaries) which, as of December 31, 2011, was approximately $3.0 million. The notes will be structurally subordinated to all of the secured and unsecured indebtedness and other liabilities of our subsidiaries. As of December 31, 2011, our subsidiaries had approximately $7.8 billion of outstanding indebtedness and other liabilities, including trade payables but excluding intercompany liabilities. |

| | |
|---|---|
| Optional Redemption | The floating rate notes are not redeemable prior to maturity. We may redeem some or all of the fixed rate notes offered hereby at any time at 100% of their principal amount plus a make-whole premium, plus accrued and unpaid interest to the date of repurchase. See Description of the Notes Optional Redemption. |

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| | |
|---|---|
| Change of Control Repurchase Event | If we undergo a change of control and the ratings on the notes decline to non-investment grade ratings within a specified period of time after the occurrence of such change of control, we must give all holders of the notes the opportunity to sell to us their notes at 101% of their face amount, plus accrued and unpaid interest to date of repurchase.<br><br>We might not be able to pay to you the required price for notes that you present to us upon a change of control repurchase event, because:<br><br>we might not have enough funds at that time; or<br><br>the terms of our debt instruments may prevent us from paying. |
| Certain Covenants | The indenture that will govern the notes contains covenants limiting our ability and our subsidiaries ability to:<br><br>create certain liens; and<br><br>consolidate or merge with, or convey, transfer or lease substantially all our assets to, another person.<br><br>These limitations will be subject to a number of important qualifications and exceptions. You should read Description of the Debt Securities and Convertible Debt Securities Provisions Applicable Only To Senior Debt Securities Covenants in the accompanying prospectus for a description of these covenants. |
| Use of Proceeds | We intend to use the net proceeds of this offering for general corporate purposes. See Use of Proceeds. |
| Absence of Market | Each series of notes is a new issue of securities with no established trading market. We currently have no intention to apply to list the notes on any securities exchange or to seek their admission to trading on any automated quotation system. Accordingly, we cannot provide assurance as to the development or liquidity of any market for the notes. See Underwriting. |
| Risk Factors | See Risk Factors beginning on page S-5 of this prospectus supplement, the risks set forth under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 for important information regarding us and an investment in the notes. |
| Further Issuances | We may create and issue further notes ranking equally with the notes of either series (other than the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes). Such notes may be consolidated and form a single series with the notes of the applicable series offered hereby. |

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## RISK FACTORS

*You should carefully consider the risks described below, the risks set forth under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, and the other information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. The events discussed in the risk factors below, or the risk factors in the accompanying prospectus, may occur. If they do, our business, results of operations or financial condition could be materially adversely affected. In such an instance, the trading prices of our securities, including the notes, could decline and you might lose all or part of your investment.*

***The notes will be structurally subordinated to all liabilities of our subsidiaries.***

The notes are not entitled to the benefit of any guarantees and are thus structurally subordinated to indebtedness and other liabilities of our subsidiaries to the extent of the assets of such subsidiaries. For the year ended December 31, 2011, before intercompany eliminations, our subsidiaries contributed $18.1 billion to our total revenues and held $23.7 billion of our total assets. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, these subsidiaries would pay the holders of their debts, preferred equity interests and their trade creditors before they would be able to distribute any of their assets to us. In addition, our $2 billion credit facility, as amended to date (the Credit Facility ) and the indenture governing our 6.40% Senior Notes due 2016 (the Early Series Senior Notes ) contain contingent future guarantee provisions whereby certain of our subsidiaries may become guarantors of our obligations under the Credit Facility and such Early Series Senior Notes and the related indenture. Our 6.75% Senior Notes due 2017, our 5 $^1/2$% Senior Notes due 2012, our 6.35% Senior Notes due 2018, our 5.65% Senior Notes due 2013, our 8.25% Senior Notes due 2014, our 4.250% Senior Notes due 2015, our 5.625% Senior Notes due 2019, our 6.750% Notes due 2039, our Floating Rate Senior Notes due 2014 and our 4.500% Senior Notes due 2021 do not, and the notes offered hereby will not, have the benefit of the contingent future guarantee provisions in our Credit Facility and the indentures governing our Early Series Senior Notes. As a result, if any such guarantee is executed, holders of the notes offered by this prospectus supplement would not receive the benefit of that guarantee and would be structurally subordinated to the lenders under our Credit Facility and the holders of our Early Series Senior Notes, with respect to the assets of the subsidiaries providing a guarantee.

Our subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that Xerox has to receive any assets of any of the subsidiaries upon the liquidation or reorganization of those subsidiaries, and the consequent rights of holders of notes to realize proceeds from the sale of any of those subsidiaries assets, will be subordinated to the claims of those subsidiaries creditors, including trade creditors and holders of preferred equity interests of those subsidiaries.

***Collectively, the indentures governing our outstanding senior notes and certain of our financing agreements, including the Credit Facility, contain various covenants that limit the discretion of our management in operating our business and could prevent us from engaging in some beneficial activities. The notes offered by this prospectus supplement will not have the benefit of all of these covenants.***

Our Credit Facility limits our and our subsidiaries ability to, among other things, issue debt and certain preferred stock, merge, engage in certain transactions with affiliates and create or permit to exist liens. In addition, the indenture governing our senior notes also limits our ability to enter into certain mergers and create or permit to exist certain liens.

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A failure to comply with the covenants contained in our Credit Facility or our other existing indebtedness could result in an event of default under the Credit Facility or the other existing indebtedness, that, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In the event of any default under our Credit Facility or our other indebtedness, the lenders thereunder would not be required to lend any additional amounts to us and:

- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable;
- could require us to apply all of our available cash to repay these borrowings; or
- could prevent us from making debt service payments on the notes.

any of which could result in an event of default under the notes.

If the indebtedness under our Credit Facility or our other indebtedness, including the notes, were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. See Description of the Notes.

***The notes are unsecured and are effectively subordinated to our secured indebtedness.***

If Xerox becomes insolvent or is liquidated, or if payment under any of our secured debt obligations is accelerated, the secured lenders would be entitled to exercise the remedies available to a secured lender under applicable law and will have a claim on those assets before the holders of our senior notes that are unsecured or the notes offered under this prospectus supplement. As a result, the notes are effectively subordinated to our secured indebtedness to the extent of the value of the assets securing that indebtedness or the amount of indebtedness secured by those assets. Therefore, the holders of the notes may recover ratably less than the lenders of our secured debt in the event of our bankruptcy or liquidation. At December 31, 2011, the Company and its subsidiaries had $8.6 billion of debt on a consolidated basis, of which $76.3 million was secured debt.

***Your right to receive payments on the notes could be adversely affected if any of our subsidiaries declares bankruptcy, liquidates or reorganizes.***

In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. At December 31, 2011, our subsidiaries had approximately $7.8 billion of outstanding indebtedness and other liabilities, including trade payables but excluding intercompany liabilities. Our subsidiaries may incur substantial additional indebtedness.

***We may not be able to purchase your notes upon a change of control repurchase event.***

Upon the occurrence of specified change of control repurchase events, we will be required to offer to purchase each holder s notes at a price equal to 101% of their principal amount plus accrued and unpaid interest. We may not have sufficient financial resources to purchase all of the notes that holders tender to us upon a change of control offer. The occurrence of a change of control could also constitute an event of default under any of our future debt agreements. See Description of the Notes Change of Control Repurchase Event.

Our Early Series Senior Notes and our 6.75% Senior Notes due 2017 also contain change in control requirements, but they do not require that a change in control be accompanied by a debt ratings downgrade. Our 5 $^{1}/2$% Senior Notes due 2012, 6.35% Senior Notes due 2018, 5.65% Senior Notes due 2013, our 8.25% Senior Notes due 2014, our 4.250% Senior Notes due 2015, our 5.625% Senior Notes due 2019, our 6.750% Senior Notes due 2039, our Floating Rate Senior Notes due 2014 and our 4.500% Senior Notes due 2021 have an identical provision to that described for the notes offered hereby. Xerox may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control offer or to redeem such notes.

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The occurrence of a change of control would also constitute an event of default under our Credit Facility and could constitute an event of default under our other indebtedness. Our bank lenders may have the right to prohibit any such purchase or redemption, in which event we would seek to obtain waivers from the required lenders under our Credit Facility and our other indebtedness, but we may not be successful in obtaining such waivers. See Description of the Notes Change of Control Repurchase Event.

***Active trading markets may not develop for any series of the notes.***

Each series of notes are new securities for which there currently are no established markets. We do not intend to apply for the notes of any series to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. Although the underwriters have informed us that they currently intend to make a market in the notes, they are not obligated to do so and any market may be discontinued at any time without notice. Accordingly, we cannot assure you as to the development or liquidity of any market for any of the notes. See Underwriting.

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## USE OF PROCEEDS

The net proceeds of this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately $1,093,375,000. We intend to use the net proceeds from this offering for general corporate purposes.

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## RATIOS OF EARNINGS TO FIXED CHARGES

The following table shows the ratios of earnings to fixed charges and earnings to fixed charges and preferred stock dividends of Xerox for the periods indicated.

| | Year ended December 31,(1) | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008(2) | 2007 |
| Ratio of earnings to fixed charges | 3.20 | 2.01 | 1.97 | | 3.15 |
| Ratio of earnings to fixed charges and preferred stock dividends | 3.04 | 1.93 | 1.97 | | 3.15 |

(1) Refer to Exhibit 12 of our Annual Report on Form 10-K for the year ended December 31, 2011 for the computation of these ratios.

(2) Earnings for the year ended December 31, 2008 were inadequate to cover fixed charges and combined fixed charges and preferred stock dividends by $64 million.

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## DESCRIPTION OF THE NOTES

*The following description of the particular terms of the notes offered by this prospectus supplement supplements, and to the extent inconsistent therewith, replaces the description of the general terms and provisions of the senior debt securities set forth under the caption Description of the Debt Securities and Convertible Debt Securities in the accompanying prospectus. Terms used in this prospectus supplement that are otherwise not defined have the meanings given to them in the accompanying prospectus.*

We will issue $600,000,000 aggregate principal amount of floating rate senior notes due 2013 (the Floating Rate Notes ) and $500,000,000 aggregate principal amount of 2.950% senior notes due 2017 (the Fixed Rate Notes ). Although for convenience the Floating Rate Notes and the Fixed Rate Notes are referred to collectively as the Notes , each will be issued as a separate series and will not together have any class voting or other rights. The following is a summary of the material provisions of the Indenture. It does not include all of the provisions of the Indenture. We urge you to read the Indenture because it, not this description, defines your rights. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the TIA ). A copy of the Indenture may be obtained from the Company. You can find definitions of certain capitalized terms used in this description under Certain Definitions in the accompanying prospectus. For purposes of this section, references to the Company, we, us and our include only Xerox Corporation and not its subsidiaries.

The Notes will be senior unsecured obligations of the Company, ranking *pari passu* in right of payment with all other senior unsecured obligations of the Company. The Notes will be effectively subordinated to all secured debt of the Company, structurally subordinated to the debt of the Company s Subsidiaries and effectively subordinated to the other senior debt of the Company that has the benefit of certain provisions and covenants not applicable to the Notes.

The Company will issue the Notes in fully registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Trustee will initially act as Paying Agent and Registrar for the Notes. The Notes may be presented for registration of transfer and exchange at the offices of the Registrar. The Company may change the Paying Agent and Registrar without notice to holders of the Notes (the Holders ). It is expected that the Company will pay principal and interest (and premium, if any) on the Notes at the Trustee s corporate office by wire transfer, if book-entry at DTC, or check mailed to the registered address of Holders.

### Principal, Maturity and Interest

#### *Floating Rate Notes*

The Floating Rate Notes will mature on September 13, 2013. $600,000,000 in aggregate principal amount of the Floating Rate Notes will be issued in this offering. After the Issue Date, additional notes ( Additional Floating Rate Notes ) may be issued from time to time. The Floating Rate Notes and the Additional Floating Rate Notes that are actually issued will be treated as a single class for all purposes under the Indenture, including, without limitation, as to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this Description of the Notes, references to the Floating Rate Notes include any Additional Floating Rate Notes actually issued.

Interest on the Floating Rate Notes will accrue at a rate per annum, reset quarterly, equal to LIBOR plus 1.400%, as determined by the calculation agent (the Calculation Agent ), which shall initially be the Trustee, and will be payable quarterly in cash on each March 13, June 13, September 13 and December 13, commencing on June 13, 2012, to the persons who are registered Holders at the close of business on the March 1, June 1, September 1 and December 1 immediately preceding the applicable interest payment date. Interest on the Floating Rate Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance to but excluding the actual interest payment date.

Determination Date, with respect to an Interest Period, will be the second London Banking Day preceding the first day of the Interest Period.

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Interest Period means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include June 12, 2012.

LIBOR, with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in United States dollars for a three-month period beginning on the second London Banking Day after the Determination Date that appears on Reuters Screen LIBOR 01 Page as of 11:00 a.m., London time, on the Determination Date. If Reuters Screen LIBOR 01 Page does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide such bank s offered quotation (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the London interbank market for deposits in a Representative Amount in U.S. dollars for a three-month period beginning on the second London Banking Day after the Determination Date. If at least two such offered quotations are so provided, LIBOR for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in New York City, as selected by the Calculation Agent, to provide such bank s rate (expressed as a percentage per annum), as of approximately 11:00 a.m., New York City time, on such Determination Date, for loans in a Representative Amount in United States dollars to leading European banks for a three-month period beginning on the second London Banking Day after the Determination Date. If at least two such rates are so provided, LIBOR for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then LIBOR for the Interest Period will be LIBOR in effect with respect to the immediately preceding Interest Period.

London Banking Day is any day in which dealings in U.S. dollars are transacted or, with respect to any future date, are expected to be transacted in the London interbank market.

Representative Amount means a principal amount of not less than U.S.$1,000,000 for a single transaction in the relevant market at the relevant time.

Reuters Screen LIBOR 01 Page means the display designated as Reuters Screen LIBOR 01 Page on the service or any successor service nominated by the British Bankers Association for the purposes of displaying London interbank offered rates for United States dollar deposits.

The amount of interest for each day that the Floating Rate Notes are outstanding (the Daily Interest Amount ) will be calculated by dividing the interest rate in effect for such day by 360 and multiplying the result by the principal amount of the Floating Rate Notes. The amount of interest to be paid on the Floating Rate Notes for each Interest Period will be calculated by adding the Daily Interest Amounts for each day in the Interest Period.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)) and all dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

The interest rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

The Calculation Agent will, upon the request of any Holder of Floating Rate Notes, provide the interest rate then in effect with respect to the Floating Rate Notes. All calculations made by the Calculation Agent in the absence of manifest error will be conclusive for all purposes and binding on Xerox and the Holders of the Floating Rate Notes.

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*Fixed Rate Notes*

The Fixed Rate Notes will mature on March 15, 2017. $500,000,000 in aggregate principal amount of the Fixed Rate Notes will be issued in this offering. After the Issue Date, additional notes ( Additional Fixed Rate Notes ) may be issued from time to time. The Fixed Rate Notes and the Additional Fixed Rate Notes that are actually issued will be treated as a single class for all purposes under the Indenture, including, without limitation, as to waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this Description of the Notes, references to the Fixed Rate Notes include any Additional Fixed Rate Notes actually issued.

Interest on the Fixed Rate Notes will accrue at the rate of 2.950% per annum and will be payable semiannually in arrears in cash on each March 15 and September 15, commencing on September 15, 2012, to the persons who are registered Holders at the close of business on the March 1 or September 1 immediately preceding the applicable interest payment date. Interest on the Fixed Rate Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance to but excluding the actual interest payment date.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Optional Redemption**

*Floating Rate Notes*

The Floating Rate Notes are not redeemable prior to maturity.

*Fixed Rate Notes*

The Company may at any time and from time to time, at its option, redeem the Fixed Rate Notes outstanding (in whole or in part) at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, on the Fixed Rate Notes to the applicable redemption date, plus the applicable Make-Whole Premium (a Note Redemption ). The Company shall give not less than 30 nor more than 60 days notice to such redemption.

In the event that the Company chooses to redeem less than all of the Fixed Rate Notes, selection of such Notes for redemption will be made by the Trustee either:

1. in compliance with the requirements of the principal national securities exchange, if any, on which such Notes are listed; or

2. if such Notes are not so listed, by lot or on a pro rata basis or such other method which the Trustee deems appropriate.

*Make-Whole Premium* with respect to a Fixed Rate Note means an amount equal to the excess of (a) the present value of the remaining interest, premium and principal payments due on such Fixed Rate Note to its final maturity date computed using a discount rate equal to the Treasury Rate on such date plus 0.350% over (b) the outstanding principal amount of such Fixed Rate Note.

*Treasury Rate* for any date, means with respect to the Fixed Rate Notes the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the date the redemption is effected (the Specified Redemption Date ) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the Specified Redemption Date to March 15, 2017; *provided*, *however*, that if the period from the

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Specified Redemption Date to March 15, 2017 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given except that if the period from the Specified Redemption Date to March 15, 2017 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

**Change of Control Repurchase Event**

If a change of control repurchase event occurs, unless we have exercised our right to redeem the Notes as described above, we will be required to make an offer to each Holder of Notes to repurchase all or any part (in minimum principal amount of $2,000 and integral multiples of $1,000 in excess thereof) of that Holder s Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase. Within 30 days following any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the change of control, we will deliver a notice to each Holder, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the change of control repurchase event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered. The notice shall, if delivered prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on a change of control repurchase event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the change of control repurchase event provisions of the Notes by virtue of such conflict.

On the repurchase date following a change of control repurchase event, we will, to the extent lawful:

1. accept for payment all Notes or portions of Notes properly tendered pursuant to our offer;

2. deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

3. deliver or cause to be delivered to the trustee the Notes properly accepted, together with an Officers Certificate stating the aggregate principal amount of Notes being purchased by us.

The Paying Agent will promptly pay to each Holder of Notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; provided that each new note will be in a minimum principal amount of $2,000 and an integral multiple of $1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of Holders, the following definitions are applicable:

below investment grade ratings event means that on any day within the 60-day period (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for a possible

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downgrade by any of the rating agencies) after the earlier of (1) the occurrence of a change of control; or (2) public notice of the occurrence of a change of control or the intention by Xerox to effect a change of control, the Notes are rated below investment grade by each of the rating agencies. Notwithstanding the foregoing, a below investment grade ratings event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a below investment grade ratings event for purposes of the definition of change of control repurchase event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the ratings event).

change of control means the occurrence of one or more of the following events:

1. any person, including its affiliates and associates, other than the Company or its Subsidiaries, or any group files a Schedule 13D or Schedule TO (or any successor schedule, form or report under the Exchange Act) disclosing that such person or group has become the beneficial owner of 50% or more of the combined voting power of the Company s Capital Stock or other Capital Stock into which the Company s Common Stock is reclassified or changed, with certain exceptions having ordinary power to elect directors, or has the power to, directly or indirectly, elect managers, trustees or a majority of the members of the Company s Board of Directors;

2. there shall be consummated any share exchange, consolidation or merger of the Company pursuant to which the Company s Common Stock would be converted into cash, securities or other property, or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, in each case other than pursuant to a share exchange, consolidation or merger of the Company in which the holders of the Company s Common Stock immediately prior to the share exchange, consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the a