485 Lexington Avenue
New York, NY 10017
Tel: 646-722-8500 • Fax: 646-722-8501

Grant & Eisenhofer P.A.
Chase Manhattan Centre
1201 North Market Street
Wilmington, DE 19801
Tel: 302-622-7000 • Fax: 302-622-7100
www.gelaw.com

Direct Dial: 302-622-7010
Email: ccalder@gelaw.com

1920 L Street, N.W., Suite 400
Washington, DC 20036
Tel: 202-783-6091 • Fax: 202-350-5908

December 14, 2009

VIA E-FILING AND HAND DELIVERY

The Honorable Donald F. Parsons
Vice Chancellor, Court of Chancery
New Castle County Courthouse
500 N. King Street
Wilmington, DE 19801

Re: *In re ACS Shareholder Litigation*, Cons. C.A. No. 4940-VCP

Dear Vice Chancellor Parsons:

We write on behalf of Court-appointed Class Representatives New Orleans Employees Retirement System, the Federated Kaufman Fund, the Federated Kaufman Growth Fund and the Federated Kaufman Fund II ("Class Representatives") to request that the Court enter the attached Stipulation and Proposed Order (the "Stipulation"), which is further summarized below and will confer significant benefits on the Class in connection with the proposed merger of Affiliated Computer Services, Inc. ("ACS") and the Xerox Corp. ("Xerox") (the "Merger").

Specifically, as set forth in the Stipulation attached as Exhibit A, over the weekend Class Representatives, Xerox, ACS and the Special Committee[1] agreed as follows:

(1) the merger agreement will be amended to include a majority of the minority vote condition;

(2) Class Representatives agreed to no longer seek to enjoin the Merger or the vote on the Merger. Instead, Class Representatives will continue to challenge the payoff made *via* the Merger from Xerox to Deason, both in connection with the currently planned January 13-14, 2010 hearing and at a final money damages trial.

(3) The defendants who signed the Stipulation have agreed not to oppose a request by Class Representatives that the final trial be scheduled to take place during the period between March 15 and May 15, 2010, at the Court's convenience.

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[1] Defendant Darwin Deason, through his counsel, participated in some of the negotiations leading to the Stipulation and is fully aware of the details of the agreement reached by the remaining parties to the case. Deason is not a signatory to the Stipulation. His letter setting forth his position is attached hereto as Exhibit B.

Entry of The Stipulation Will Permit Significant Benefits for the Class

The Stipulation requires that the merger agreement be amended to provide the ACS shareholders with a non-waivable "majority of the minority" vote on the Merger. The deal originally announced on September 27, 2009 was effectively a *fait accompli* because Deason, who controls 44% of the vote, entered into a Voting Agreement pledging to support the Merger except in limited circumstances. As Xerox's Form S-4 filing reveals, during the negotiations of the Merger, Xerox repeatedly and unconditionally rejected all requests from the ACS Special Committee to include a majority of the minority provision in the merger agreement.

As Class Representatives have alleged from the outset, Xerox agreed to provide Deason a payoff of substantially more than $300 million because he was delivering the deal to Xerox. Allowing a majority of the minority vote on the deal undermined precisely the benefit they were paying Deason to provide – a closed deal. Class Representatives thus obtained a major concession from Xerox that the Special Committee and its advisors could not deliver despite weeks of trying. Entry of the Stipulation will provide the public ACS shareholders with the opportunity to veto the Merger if they are not satisfied with the consideration they are currently set to receive.[2]

Class Representatives Will Seek An Equitable Set-Aside of Deason's Merger Consideration At The Hearing

Based on the significant benefits achieved under the Stipulation (and in order to obtain those benefits immediately), Class Representatives agreed to no longer move to enjoin the shareholder vote on or the closing of the Merger. Class Representatives believe that the stockholders should determine whether the Merger proceeds. The majority of the minority requirement will ensure that this happens. However, Class Representatives submit that the extra consideration to be paid to Deason is both unlawful and a breach of fiduciary duty, and therefore intend to proceed with the hearing scheduled for January 13-14, 2010. Instead of seeking an injunction against the Merger itself, Class Representatives will seek relief in the form of an equitable set aside or constructive trust covering the consideration to be paid to Deason upon the Merger's consummation, which consideration serves essentially as a reward for Deason's breaches of fiduciary duty and constitutes a payment made in violation of the ACS Charter.[3] In this regard, on Friday, December 11, 2009, Class Representatives filed an Amended Complaint that specifies how and why the side payments to Deason violate the plain language of the ACS Charter. *See* Amended Complaint ¶¶60-65 and Counts V and VII.

The hearing on January 13-14 will show that, among other things: (i) Deason breached his fiduciary duty of loyalty in connection with the Merger, (ii) that it would be inequitable to allow him to enjoy the benefits of the consideration he misappropriated before the Court rules on

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[2] Xerox and ACS are not putting the incremental consideration to Deason up for a separate vote of the ACS shareholders.

[3] Notably, although Defendants have constantly spoken with the Court about a preliminary injunction, Class Representatives specifically reserved their rights, in the original scheduling order and throughout this action, to seek alternative forms of equitable relief. In fact, the scheduling order's omission of any reference to the words "preliminary injunction" reflected specific negotiations on this score among the parties, since defendants attempted to insert those words into the scheduling order. Plaintiffs refused and explained their reason for refusing.

its validity or invalidity on a final trial record, (iii) that the vast majority of Deason's personal wealth has been tied up in his ACS position and his long-standing desire for liquidity raises concerns about collectability, and, most critically, (iv) because the Merger will make ACS shareholders become Xerox shareholders, a failure to set aside Deason's payout pending trial (and therefore create a separate *res* against which a judgment could be collected) would create the perverse possibility that former ACS shareholders are forced to pay themselves while Deason walks away with his payout scot-free. In this regard, the parties to the Stipulation have agreed not to oppose any request by Class Representatives for the Court to schedule the final trial during the period between March 15, 2010 and May 15, 2010.

As part of the negotiations surrounding the Stipulation, Class Representatives had provided Defendants with a lengthy list of material information that should be disclosed to the ACS shareholders in the final Form S-4 in order to correct several objectively false and misleading statements already made by Defendants as well as a plethora of material omissions. Because the Stipulation stands, at Defendants' insistence, regardless of whether Defendants choose to make any of Class Representatives' disclosures, Class Representatives wish to make clear to the Court that we are in no way endorsing Xerox's final Form S-4 by virtue of entering into the Stipulation. If recent discussions with Defendants are any indication, the vast majority of Plaintiffs' disclosure demands will be ignored by Defendants. This includes, for example, Xerox's stated reasons for paying Deason, the actual substance of the Special Committee's financial advisor's assessment of the very limited "precedents" for a payment to a non-majority high-vote holder, and information about the deeply conflicted role of the legal advisor who was concurrently working for ACS, Deason ***and Xerox*** in connection with the Merger itself.

In light of all of the above, we believe that on balance the Stipulation delivers significant benefits to ACS's public shareholders. We therefore respectfully request that the Court approve the attached Stipulation and enter it as an Order of the Court at Your Honor's earliest convenience.[4] Xerox and ACS are seeking to file a final version of the Form S-4 today.

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[4] ACS and Xerox filed Forms 8-K before the open of trading today disclosing the Stipulation and the amendment made to the Merger Agreement to effectuate the majority of the minority provision. When counsel for ACS and Xerox made their intention to do so clear late night, Class Representatives objected to the public disclosure of the Stipulation before the Court had a chance to consider it. ACS and Xerox made the Form 8-K filings over that objection.

We are available at the Court's convenience should Your Honor have any questions about this matter.

Respectfully submitted,

Cynthia A. Calder

Cynthia A. Calder
DE Bar ID No. 2978

cc: Register in Chancery (via electronic filing)
Kevin Abrams, Esquire (via electronic filing)
Kenneth Nachbar, Esquire (via electronic filing)
Raymond DiCamillo, Esquire (via electronic filing)
Bruce Silverstein, Esquire (via electronic filing)

Exhibit A

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

In re ACS SHAREHOLDER LITIGATION	)	Consolidated C.A. No. 4940-VCP

STIPULATION AND [PROPOSED] ORDER

WHEREAS, on September 28, 2009, Affiliated Computer Services, Inc. ("ACS") announced that it had entered into a definitive agreement for Xerox Corporation ("Xerox") to acquire ACS in a cash and stock transaction (the "Proposed Transaction") that valued ACS at $6.4 billion as of September 25, 2009;

WHEREAS, two actions were filed in this Court, which the Court consolidated on October 7, 2009 under the caption *In re ACS Shareholder Litigation*, Consolidated C.A. No. 4940-VCP (the "Action");

WHEREAS, on October 22, 2009, the Court issued an order certifying a class of ACS shareholders (the "Class"), appointing New Orleans Employees' Retirement System, The Federated Kaufmann Fund, The Federated Kaufmann Growth Fund, and The Federated Kaufmann Fund II as Class Representatives;

WHEREAS, Plaintiffs filed a motion to enjoin the closing of the Proposed Transaction on multiple grounds;

WHEREAS, on December 10, 2009, representatives of each of the defendants and Class Counsel (with participation of counsel from a parallel action in Texas) met in person to negotiate terms of a potential settlement of all or part of the Action;

WHEREAS, on December 11, 2009, Class Representatives filed an Amended Complaint in the Action;

NOW, THEREFORE, the undersigned parties (the "Parties"), through their counsel, have STIPULATED and the Court HEREBY ORDERS as follows:

1. The Merger Agreement will be amended to provide that a non-waivable condition to a closing of the Merger will be the approval of the Merger Agreement by the affirmative vote of holders of a majority of the outstanding shares of Company Class A Common Stock (other than those shares of Company Class A Common Stock held by holders of Company Class B Common Stock).

2. The Parties are discussing in good faith and will attempt to resolve any issues relating to disclosure in Xerox's S-4 relating to the Merger by midnight on Sunday, December 13, 2009, subject to Plaintiffs' Counsel's fiduciary duties, provided that nothing shall in any way affect the undertaking by plaintiffs in the first sentence of paragraph 3 hereof.

3. The plaintiffs agree not to seek to enjoin any shareholder vote on the closing of the Merger, nor shall they take any action for the purpose of preventing or delaying the closing of the Merger. Subject to the prior sentence, nothing in this agreement shall preclude plaintiffs from moving for other relief at the hearing now scheduled for January 13 and 14, 2010, including without limitation a motion seeking an equitable set aside or constructive trust with respect to some or all of the consideration paid to Deason in the Merger, with respect to which motion defendants reserve the right to oppose.

4. The Parties shall not oppose any application by plaintiffs to set a final trial on the post-closing litigation to take place consistent with the Court's schedule between March 15, 2010 and no later than May 15, 2010.

5. The Parties will negotiate in good faith the scope and timing of any additional discovery in advance of any pre-closing hearing.

6. The Parties acknowledge that, pursuant to this Stipulation, plaintiffs have conferred benefits on the Class, and that plaintiffs will seek an award of attorneys' fees and reimbursement of litigation expenses ("Attorneys' Fees") in connection therewith. The parties have not in any respect discussed the amount of any potential fee award. Regardless of whether the parties ultimately reach an agreement as to the reasonableness of any fee award, ACS or its successor will pay to plaintiffs any Attorneys' Fees that the Court may award. ACS or its successor reserves the right to object to the amount of any Attorneys' Fees for which plaintiffs may apply.

7. The Parties' respective agreement to approve this Stipulation shall not in any respect be argued to constitute a waiver, acceptance, ratification or in any other respect prejudice the rights of any party in the Action or the Class with respect to any post-closing claims or proceedings.

Dated: December 13, 2009

Of Counsel:

Mark Lebovitch
Amy Miller
BERNSTEIN LITOWITZ
BERGER & GROSSMANN LLP
1285 Avenue of the Americas
New York, New York 10019
(212) 554-1400

Stephen Lowey
Thomas Skelton
LOWEY DANNENBERG COHEN & HART, P.C.
One North Broadway
White Plains, New York 10601-2310
(914) 997-0500

/s/ Stuart M. Grant
Stuart M. Grant (#2526)
Cynthia A. Calder (#2978)
GRANT & EISENHOFER, P.A.
1201 North Market Street
Wilmington, Delaware 19801
(302) 622-7000

Court-Appointed Co-Class Counsel

Of Counsel:

John D. Donovan, Jr.
Peter L. Welsh
ROPES & GRAY LLP
One International Place
Boston, Massachusetts 02110
(617) 951-7000

/s/ Kevin G. Abrams
Kevin G. Abrams (#2357)
Nathan A. Cook (#4841)
ABRAMS & BAYLISS LLP
20 Montchanin Road
Suite 200
Wilmington, Delaware 19807
(302) 778-1000

Attorneys for ACS Special Committee Members Kurt R. Krauss, Paul E. Sullivan, Ted B. Miller, Jr. and Frank Varasano

Of Counsel:

Peter E. Kazanoff
SIMPSON THACHER & BARTLETT LLP
425 Lexington Avenue
New York, New York 10017-3954
(212) 455-2000

/s/ Raymond J. DiCamillo
Raymond J. DiCamillo (#3188)
Harry Tashjian, IV (#4609)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
(302) 651-7700

Attorneys for Xerox Corporation and Boulder Acquisition Corp.

/s/ Kenneth J. Nachbar
Kenneth J. Nachbar (#2067)
MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899-1347
(302) 658-9200

Attorneys for Lynn R. Blodgett, Robert Allen Druskin and Affiliated Computer Services, Inc.

Of Counsel:

Francis P. Barron
Gary A. Bornstein
CRAVATH, SWAINE & MOORE LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
(212) 474-1000

SO ORDERED:

_____
Vice Chancellor Donald F. Parsons

Exhibit B

McKool Smith

A PROFESSIONAL CORPORATION • ATTORNEYS
300 Crescent Court
Suite 1500
Dallas, Texas 75201

Telephone: (214) 978-4000
Facsimile: (214) 978-4044

Lew LeClair
Direct Dial: (214) 978-4984
lleclair@mckoolsmith.com

December 14, 2009

Sent Via E-Mail

Mark Lebovitch
Bernstein Litowitz Berger & Grossman LLP
1285 Ave. of the Americas
New York, New York 10019

Stephen Lowey
Lowey, Dannenberg, Cohen & Hart, P.C.
White Plains Plaza
White Plains, New York 10601

RE: In re ACS Shareholder Litigation, C.A. No. 4940-VCP

Dear Mark and Stephen:

We understand that you are preparing to submit a stipulation to the Court relating to the above-referenced litigation. As counsel for Mr. Deason, because we are not a signatory to the proposed stipulation, we wish to make our position clear on a few points so that there are no misunderstandings going forward, especially given that we have not been party to many of the discussions regarding the stipulation (despite the contrary implication in the stipulation).

1. Mr. Deason does not oppose the change to the Merger Agreement specifying that a nonwaivable condition to a closing of the Merger will be the approval of the Merger Agreement by the affirmative vote of holders of a majority of the outstanding shares of Company Class A Common Stock (other than those shares of Company Class A Common Stock held by holders of Company Class B Common Stock). We understand that that change has been agreed to by the Special Committee and ACS. Similarly, we do not oppose the Plaintiffs' agreement not to seek to enjoin any shareholder vote on the closing of the Merger, nor the agreement that Plaintiffs shall not take any action for the purpose of preventing or delaying the closing of the Merger.

2. Mr. Deason does not agree to the expedited scheduling of a hearing on the new motion you say you intend to file setting a hearing on January 13-14. We previously agreed to an expedited discovery schedule based on the motion to enjoin the merger, and we will need to assess where things stand after we actually see the papers you say you will now be filing—which, based on what has been communicated to us, will be entirely new. We will need to understand exactly what relief Plaintiffs are seeking

and determine what factual discovery both Mr. Deason and Plaintiffs legitimately will need, if any, and what expert testimony we will need, if any. It is entirely unreasonable for you to suggest that we now conclude discovery and name experts without knowing what relief you intend to seek or what claims you are making. Our current position is that any hearing on your purported claim to "escrow" or "set off" should be no more than a two-hour hearing on legal argument and affidavits and should not involve live testimony at all. To the extent that the stipulation you plan to file purports to be a scheduling stipulation for the case, Mr. Deason does oppose it.

3. We welcome the idea that future discovery in this matter will now be the subject of negotiation and mutual agreement. We assume that all pending depositions are now off the calendar and will be rescheduled at a mutually convenient time for the purposes of any post-closing damage relief that you may seek.

4. Mr. Deason also does not agree to an expedited trial on your damages claims, and the agreement of the other parties is not binding on Mr. Deason in any way. You have made no effort to discuss with us on behalf of Mr. Deason—who you assert is the primary target of your damages action—what would be an appropriate schedule for such a case. We, of course, would be willing to negotiate a reasonable schedule, but cannot accept your attempt to impose unilaterally a schedule in this manner.

5. Just so that our position is clear, Mr. Deason is not merely reserving his rights to oppose your "escrow" or "set off" motion. In case we have not been abundantly clear, we are again telling you that Mr. Deason vigorously will oppose that motion on any and all grounds available to him, and he reserves all of his rights in connection with the seeking and, however unlikely, obtaining of any such relief, including his right to vote against the Merger based on his right to terminate the Voting Agreement that such relief would trigger. Mr. Deason views any such injunction application as an application to enjoin consummation of the Merger, and he reserves all of his rights—including the right to terminate the Voting Agreement and vote against the Merger—if such an injunction is sought and in the unlikely event that such an injunction is obtained.

6. Mr. Deason takes no position at this time with respect to whether Plaintiffs are entitled to an award of attorneys' fees, but does not oppose the agreement of other parties with respect to the payment of any such fees.

7. Finally, Mr. Deason reserves all of his rights under the Voting Agreement, and with respect to both pre-closing and post-closing proceedings in this matter.

Sincerely,

Lewis T. LeClair

CC: All defense counsel

ltl:gwr