

XEROX CORP
Form PRER14A
April 25, 2018
Table of Contents

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

XEROX CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Table of Contents

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (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):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

Table of Contents

Xerox Corporation

201 Merritt 7

Norwalk, CT 06851-1056

[], 2018

Dear Shareholders:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders of Xerox Corporation to be held at [], at [] local time, on [], 2018. Your Board of Directors and management team look forward to greeting those shareholders who are able to attend.

On January 1, 2017, a new Xerox launched with positive customer and market reception following the successful spin-off of Conduent Incorporated. Our steadfast focus on executing our strategy to better position the Company both operationally and financially led to a very successful year. As a result, we delivered strong results that met or exceeded our guidance for the year across all metrics.

In the second year of our Strategic Transformation program, we overachieved our gross productivity and cost savings target, helping offset currency headwinds and maintain margins as we made modest investments in the business. At the same time, we made progress on our goal to improve our revenue trajectory by increasing our participation in strategic growth areas in the industry. A major achievement on this front was the rollout of 29 new ConnectKey-enabled products – the biggest launch in our history. We continued to expand our reach to more small and medium-sized business customers by signing 65 new dealer partners. Finally, we strengthened our capital structure through debt reductions and contributions to our defined benefit pension plans.

Building on this momentum, on January 31, 2018, we entered into a definitive agreement with FUJIFILM Holdings Corporation to combine with Fuji Xerox Co., Ltd. – the joint venture that Xerox and Fujifilm established in Asia 56 years ago – to create a global leader in innovative print technologies and intelligent work solutions. Our proposed combination with Fuji Xerox is a result of a comprehensive review of the Company’s strategic and financial alternatives conducted by Xerox’s Board and management team. We are focused on creating value for our shareholders, and we strongly believe that the combination with Fuji Xerox is the best path forward for our company. We plan to file a separate proxy statement in the near future in connection with the special meeting at which you will have the opportunity to vote on matters related to our proposed transaction with Fujifilm.

At the Annual Meeting, you will be asked to vote upon the election of ten directors to our Board of Directors; the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and the approval, on an advisory basis, of the 2017 compensation of our named executive officers. **The Board of Directors strongly recommends you vote FOR each of these proposals by signing and dating the enclosed WHITE proxy card and returning it in the enclosed postage paid envelope.** Your support of our ten director nominees is integral to the success of our company and proposed transaction with Fujifilm.

Icahn Partners, L.P. and certain of its affiliates have notified Xerox of their intention to nominate four directors for election at the meeting in opposition to the nominees recommended by our Board of Directors. As a result, you may receive solicitation materials, including a gold proxy card, from Icahn seeking your proxy to vote for the Icahn nominees. **We urge you NOT to vote the gold proxy card sent to you by Icahn.**

Your vote is extremely important. Please vote your shares as soon as possible by following the instructions on the enclosed WHITE proxy card, even if you plan to attend the Annual Meeting. Voting now will not limit your right to change your vote or to attend the Annual Meeting.

We appreciate your continued confidence in our company.

For the Board of Directors,

Robert J. Keegan
Chairman of the Board

Jeffrey Jacobson
Chief Executive Officer

Table of Contents

PRELIMINARY COPY - SUBJECT TO COMPLETION

Notice of 2018 Annual Meeting of Shareholders

You are invited to attend the Annual Meeting of Shareholders of Xerox Corporation.

When:

Where:

Date

Location

Time

Shareholders will be asked to:

1. Elect 10 directors listed in the accompanying proxy statement;
2. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018;
3. Approve, on an advisory basis, the 2017 compensation of our named executive officers;
4. Authorize the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals; and
5. Consider such other business as may properly come before the Annual Meeting.

After careful consideration, the Xerox Board of Directors unanimously recommends that you vote **FOR** each of the proposals above by following the instructions on the enclosed **WHITE** proxy card.

Voting:

You are eligible to vote if you were a shareholder of record at the close of business on , 2018.

Ensure that your shares are represented at the meeting by voting in one of several ways:

Go to the website listed on your **WHITE** proxy card to vote **VIA THE INTERNET**.

Call the telephone number specified on your **WHITE** proxy card to vote **BY TELEPHONE**.

Edgar Filing: XEROX CORP - Form PRER14A

Sign, date and return the enclosed **WHITE** proxy card in the postage-paid envelope provided to vote **BY MAIL**.

Attend the meeting to vote **IN PERSON** (please see pages 2 and 4 of the proxy statement for additional information regarding admission to the Annual Meeting and how to vote your shares).

Please submit your proxy as soon as possible to ensure that your shares are represented, even if you plan to attend the Annual Meeting. Voting now will not limit your right to change your vote or to attend the Annual Meeting. Icahn Partners, L.P. and certain of its affiliates have notified Xerox of their intention to nominate a slate of four nominees for election as directors at the Annual Meeting of Shareholders in opposition to the nominees recommended by our Board of Directors. As a result, you may receive solicitation materials, including a gold proxy card, from Icahn seeking your proxy to vote for the Icahn nominees. Xerox is not responsible for the accuracy of any information provided by or relating to Icahn or the Icahn nominees contained in the solicitation materials filed or disseminated by or on behalf of Icahn or any other statements Icahn or its representatives make.

Our Board does NOT endorse any Icahn nominee and instead unanimously recommends that you vote **FOR** the election of each of the nominees proposed by our Board. Our Board strongly urges you NOT to sign or return any gold proxy card sent to you by Icahn. If you have previously submitted a gold proxy card sent to you by Icahn, you can revoke it by following the voting instructions provided on the enclosed **WHITE** proxy card. Only your last-dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the Annual Meeting as described in the accompanying proxy statement.

If you have any questions or require assistance in voting your shares, you should call Innisfree M&A Incorporated, Xerox's proxy solicitor for the Meeting, toll-free at (877) 825-8793 (from the U.S. and Canada) or at +1 (412) 232-3651 (from other locations) (Banks and Brokerage firms may call collect at (212) 750-5833).

Table of Contents

We appreciate your continued confidence in our Company and look forward to seeing you at the Annual Meeting on [], 2018.

By order of the Board,

Sarah E. Hlavinka
Executive Vice President, General Counsel and Secretary
Norwalk, Connecticut

[], 2018

The accompanying proxy statement is dated [], 2018 and is first being mailed to shareholders on or about [], 2018.

Neither the Securities and Exchange Commission nor any state securities commission has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

Table of Contents

TABLE OF CONTENTS

<u>GENERAL INFORMATION ABOUT THE ANNUAL MEETING</u>	1
<u>The Annual Meeting</u>	1
<u>What is the purpose of the Annual Meeting?</u>	1
<u>Who is entitled to vote?</u>	2
<u>What is the difference between holding shares as a shareholder of record and as a beneficial owner?</u>	2
<u>How do I vote?</u>	2
<u>What is a proxy?</u>	3
<u>Why have I received different color proxy cards?</u>	3
<u>May I change or revoke my vote after I return my proxy card?</u>	3
<u>How does the Board recommend that I vote?</u>	3
<u>How will my proxy be voted?</u>	4
<u>What will happen if I return my proxy card without indicating how to vote?</u>	4
<u>What do I do if I receive more than one set of voting materials?</u>	4
<u>How can I attend the Annual Meeting?</u>	4
<u>How many shares are required to be present to hold the Annual Meeting?</u>	4
<u>How many votes are required to approve each proposal?</u>	5
<u>What is a broker non-vote and how will it affect the voting?</u>	5
<u>Who will count the vote? Is my vote confidential?</u>	6
<u>When will the voting results be disclosed?</u>	6
<u>How are proxies solicited?</u>	6
<u>What are the deadlines and requirements for shareholder submission of proposals, director nominations and other business for the 2019 Annual Meeting?</u>	7
<u>How can I contact the Board?</u>	7
<u>Is there a list of shareholders entitled to vote at the Annual Meeting?</u>	7
<u>Background of the Solicitation</u>	7
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	19
<u>Biographies</u>	20
<u>CORPORATE GOVERNANCE</u>	29
<u>Recent Developments</u>	29
<u>Director Nomination Process</u>	30
<u>Board Leadership Structure</u>	30
<u>Risk Oversight</u>	31
<u>Director Independence</u>	31
<u>Certain Relationships and Related Person Transactions</u>	32

<u>Related Person Transactions Policy</u>	32
<u>Certain Employment Arrangements</u>	33

Table of Contents

<u>BOARD OF DIRECTORS AND BOARD COMMITTEES</u>	33
<u>Committee Functions, Membership and Meetings</u>	33
<u>Audit Committee</u>	33
<u>Compensation Committee</u>	34
<u>Compensation Committee Interlocks and Insider Participation</u>	35
<u>Corporate Governance Committee</u>	35
<u>Finance Committee</u>	35
<u>Attendance and Compensation of Directors</u>	36
<u>Summary of Annual Director Compensation</u>	36
<u>SECURITIES OWNERSHIP</u>	38
<u>Ownership of Company Securities</u>	38
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	42
<u>EXECUTIVE COMPENSATION</u>	42
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	42
<u>EXECUTIVE SUMMARY</u>	42
<u>Delivering on 2017 Commitments</u>	42
<u>Named Executive Officers</u>	44
<u>Linking Pay to Performance</u>	44
<u>Shareholder Outreach and Engagement</u>	44
<u>Looking Ahead to 2018</u>	44
<u>Summary of 2017 Compensation Actions</u>	45
<u>Base Salaries</u>	45
<u>Short-Term Incentives</u>	45
<u>Long-Term Incentives</u>	46
<u>Total Compensation</u>	46
<u>OUR EXECUTIVE COMPENSATION PRINCIPLES</u>	46
<u>GOVERNANCE OF THE EXECUTIVE COMPENSATION PROGRAM</u>	47
<u>Oversight</u>	47
<u>Independent Consultant</u>	48
<u>Best Practices</u>	49
<u>Risk Assessment</u>	49
<u>PROCESS FOR SETTING COMPENSATION</u>	50
<u>Competitive Market Information</u>	50
<u>Peer Group</u>	50
<u>Performance Objectives</u>	50
<u>2017 COMPENSATION FOR THE NAMED EXECUTIVE OFFICERS</u>	51
<u>Overview</u>	51

<u>2017 Total Target Compensation</u>	52
<u>Fixed Versus Variable Pay</u>	52
<u>Base Salary</u>	52

Table of Contents

<u>Short-Term Incentives</u>	53
<u>Short-Term Incentive Target Award Opportunity for the Individual Named Executive Officers</u>	53
<u>Short-Term Incentive Performance Measures</u>	54
<u>Determining Short-Term Incentive Award Payouts</u>	54
<u>2017 Performance for Short-Term Incentive Award Payouts</u>	55
<u>Long-Term Incentives</u>	56
<u>Executive Long-Term Incentive Program</u>	56
<u>Compensation Committee Actions Relating to E-LTIP Awards</u>	57
<u>Metrics for the 2017 Performance Cycle (2017 E-LTIP granted on July 1, 2017)</u>	58
<u>Performance and Payouts under Prior E-LTIP Awards</u>	58
<u>2014 Performance Shares</u>	58
<u>SAY-ON-PAY VOTES AND SHAREHOLDER ENGAGEMENT</u>	59
<u>PENSION AND SAVINGS PLANS</u>	59
<u>Pension Plans</u>	59
<u>U.S. Qualified Pension Plan Retirement Income Guarantee Plan</u>	60
<u>Savings Plans and Deferred Compensation Plan</u>	60
<u>Xerox Corporation Savings Plan (401(k) Savings Plan)</u>	60
<u>Xerox Corporation Supplemental Savings Plan</u>	60
<u>PERQUISITES AND PERSONAL BENEFITS</u>	61
<u>General Benefits</u>	61
<u>Life Insurance</u>	61
<u>Perquisites and Personal Benefits</u>	61
<u>EMPLOYMENT AND SEPARATION</u>	62
<u>OTHER FEATURES OF OUR EXECUTIVE COMPENSATION PROGRAM</u>	63
<u>Stock Ownership Requirements</u>	63
<u>Trading, Hedging and Pledging</u>	63
<u>Compensation Recovery Policy (Clawbacks)</u>	63
<u>CERTAIN TAX IMPLICATIONS OF EXECUTIVE COMPENSATION</u>	64
<u>COMPENSATION COMMITTEE REPORT</u>	64
<u>SUMMARY COMPENSATION TABLE</u>	65
<u>GRANTS OF PLAN-BASED AWARDS IN 2017</u>	68
<u>OUTSTANDING EQUITY AWARDS AT 2017 FISCAL YEAR-END</u>	69
<u>OPTION EXERCISES AND STOCK VESTED IN 2017</u>	71
<u>PENSION BENEFITS FOR THE 2017 FISCAL YEAR</u>	71
<u>NON-QUALIFIED DEFERRED COMPENSATION FOR THE 2017 FISCAL YEAR</u>	73
<u>Supplemental Savings Plan (SSP)</u>	73
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	74

<u>Termination Following Disability</u>	76
<u>Involuntary Termination for Cause</u>	76
<u>Other Payments</u>	76

Table of Contents

<u>Non-Qualified Pension Benefit</u>	76
<u>Change-in-Control Severance Agreement</u>	76
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	77
<u>CEO Pay Ratio</u>	78
<u>OTHER INFORMATION</u>	78
<u>Indemnification Actions</u>	78
<u>Directors and Officers Liability Insurance and Indemnity</u>	79
<u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	79
<u>Principal Auditor Fees and Services</u>	79
<u>Audit Committee Report</u>	80
<u>PROPOSAL 3 PROPOSAL TO APPROVE, ON AN ADVISORY BASIS, THE 2017 COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS</u>	81
<u>Looking Ahead to 2018</u>	82
<u>PROPOSAL 4 ADJOURNMENT OF THE MEETING</u>	84
<u>APPENDIX A: SUPPLEMENTAL INFORMATION REGARDING PARTICIPANTS</u>	85
<u>Nominees</u>	85
<u>Officers and Employees</u>	85
<u>Information Regarding Ownership of Xerox Securities by Participants</u>	86
<u>Information Regarding Transactions in Xerox Securities by Participants</u>	86
<u>OTHER MATTERS</u>	91

Table of Contents

PRELIMINARY COPY SUBJECT TO COMPLETION

PROXY STATEMENT

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING

The following are some of the questions that you may have about this proxy statement (Proxy Statement) and the answers to those questions. The information in this section does not provide all of the information that may be important to you with respect to this Proxy Statement. Therefore, we encourage you to read the entire Proxy Statement, which was first distributed beginning on or about [], 2018, for more information about these topics.

The Annual Meeting

The 2018 Annual Meeting of Shareholders (Annual Meeting) of Xerox Corporation (Xerox or the Company) will be held at [], at [] local time, on [], 2018.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on []

Copies of the Company's 2017 Annual Report on Form 10-K, the 2018 Proxy Statement and the proxy card for the Annual Meeting have been distributed to shareholders. Additional paper copies of these documents are available upon request made to Xerox Corporation, 201 Merritt 7, Norwalk, CT 06851-1056, Attention: Corporate Secretary. The 2017 Annual Report on Form 10-K, the 2018 Proxy Statement and the proxy card for the Annual Meeting are also available on the Company's website at www.xerox.com/investor or www.edocumentview.com/XRX. There is no charge to receive the materials by mail. You may request paper copies of the materials until one year after the date of the Annual Meeting. Registered shareholders can also elect to receive future distributions of our proxy statements, annual reports to shareholders and proxy cards by electronic delivery at www.computershare.com/investor. Beneficial owners can sign up for electronic delivery at <http://enroll.icsdelivery.com/xrx> or by checking the information provided in the proxy materials mailed to you by your bank or broker regarding the availability of this service. Opting to receive future proxy materials electronically by email will provide Xerox cost savings relating to printing and postage and reduce the environmental impact of delivering documents to you.

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 (Board), each for a term of one year.

2. Ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for the fiscal year ending December 31, 2018.
3. Approval, on an advisory basis, of the 2017 compensation of our named executive officers.
4. Approval of the proposal to authorize the adjournment of the Annual Meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposals at the time of the Annual Meeting.

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 2017 and respond to questions from shareholders.

YOUR VOTE IS EXTREMELY IMPORTANT. THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR

THE ELECTION OF THE 10 DIRECTOR NOMINEES NAMED IN THIS PROXY STATEMENT BY USING THE WHITE PROXY CARD TO VOTE BY INTERNET OR BY TELEPHONE OR BY SIGNING, DATING AND RETURNING THE WHITE PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED.

Please note that Icahn Partners, L.P. and certain of its affiliates (collectively, Icahn), have notified Xerox of their intention to nominate a slate of four nominees (each, an Icahn Nominee and, collectively, the Icahn Nominees) for election as directors at the Annual Meeting in opposition to the nominees recommended by our Board. As a result, you may receive solicitation materials, including a gold proxy card, from Icahn seeking your proxy to vote for the Icahn Nominees.

Table of Contents

THE BOARD DOES NOT ENDORSE ANY ICAHN NOMINEES AND URGES YOU NOT TO SIGN OR RETURN THE GOLD PROXY CARD SENT TO YOU BY ICAHN.

Who is entitled to vote?

Owners of our common stock, par value \$1.00 (Common Stock), as of the close of business on [], 2018 (Record Date), are entitled to vote at 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. As of the record date, there were [] shares of our Common Stock outstanding and entitled to vote. There are no other voting securities of the Company outstanding.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, a shareholder of record. In this case, this Proxy Statement, the notice of Annual Meeting and the **WHITE** proxy card have been sent directly to you by us.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. As a result, this Proxy Statement, the notice of Annual Meeting and the **WHITE** proxy card have been forwarded to you by your broker, bank or other holder of record who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Registered shareholders can vote in any one of four ways:

BY INTERNET

BY TELEPHONE

If you have Internet access, you may vote your shares by following the Vote by Internet instructions included on the enclosed **WHITE** proxy card.

If you received written materials, you may vote your shares by following the Vote by Telephone instructions on the enclosed **WHITE** proxy card.

BY MAIL

IN PERSON

If you received written materials, you may vote by completing and signing the **WHITE** 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 **WHITE** proxy card you mail. If you sign and return your **WHITE** 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.

If you submit a proxy or voting instructions via the Internet, telephone or mail, you do not need to vote at the Annual Meeting. 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 use your proxy to vote by Internet, telephone or mail, you authorize each of the three directors, whose names are listed on the **WHITE** proxy card accompanying this Proxy Statement, to act as your proxies to represent you and vote your shares as you direct.