



## Xerox Completes Acquisition of Global Imaging Systems

May 11, 2007

Increases Xerox's U.S. distribution to SMB customers by 50 percent;

1,400 more 'feet on the street' serving 200,000 new customers

STAMFORD, Conn.--(BUSINESS WIRE)--May 11, 2007--Xerox Corporation (NYSE: XRX) closed today on its previously announced \$1.5 billion acquisition of Global Imaging Systems, Inc. The acquisition pairs Xerox's rapidly expanding portfolio of document products and services with Global's expertise in the small and mid-size business (SMB) market and nationwide distribution network.

Global Imaging Systems focuses on small and mid-size businesses through 21 regional core companies in the U.S. that sell and service document management systems such as printers, copiers and multifunction devices; network integration services; and electronic presentation systems. As an office technology dealer, Global sells products from various suppliers, including now Xerox.

Over the next 90 days, Global's core companies will begin to provide a broad range of Xerox systems and supplies. These offerings include Xerox's recent launch of 15 products designed for offices of any size, such as new WorkCentre(R) multifunction devices that print, copy, fax and scan, as well as Phaser(R) solid ink color printers and MFDs.

"This is a smart business strategy that represents a new era for both Xerox and Global Imaging Systems," said Bob Sostilio, president of Sostilio & Associates International, Inc., an industry consultancy and research firm specializing in office technology and distribution. "It works on multiple levels: Global gets access to a broader offering than any other manufacturer could provide. Xerox gets another well organized, growth-driven channel with profound knowledge of the SMB market. And, customers get the benefits of two top-notch organizations melding their expertise."

With Global now part of Xerox, Xerox increases by 50 percent its distribution capacity in the SMB market where the total opportunity for document-related offerings is estimated at \$16 billion in the U.S. Global currently serves about 200,000 customers with about 1,400 sales representatives and 1,700 service technicians. Xerox has initiated training for Global employees to sell and support the Xerox portfolio.

"Global Imaging has created an incredibly successful business that is respected not only in the industry but also by its customers and people. As part of Xerox, Global's mandate is to continue doing what it does so well: applying its entrepreneurial spirit to developing deep relationships with customers and delivering excellent local sales, service and support," said Jim Firestone, president, Xerox North America. "With the Global team and our well-established network of agents and resellers, Xerox has unmatched distribution capacity to serve more customers and grow our presence in the SMB market."

Global Imaging now operates as a wholly owned subsidiary of Xerox. Global's chairman and chief executive officer Tom Johnson and Michael Shea, president and chief operating officer of Global, continue to lead the company, reporting directly to Firestone. They are working in tandem with Xerox's North American Partners Group to align with Xerox's other SMB distribution channels.

"This acquisition brings our premier distribution company together with Xerox's premier brand. It's a natural fit," said Johnson. "It allows us to strengthen our customer relationships with the breadth and quality of Xerox offerings while retaining the people, portfolio and business model that contribute to our success."

Global Imaging Systems maintains its headquarters in Tampa, Fla. Its 4,500 employees continue to operate as part of Global in the company's 21 regional core companies, which keep their local brands and sales, service and management teams.

"By joining Xerox, the Global team is now even better positioned to bring the best technology and the best support to the 200,000 customers who rely on Global's core companies every day," added Shea.

Recognizing the benefits of the Global acquisition for Xerox, Standard & Poor's Ratings Services yesterday raised its corporate credit rating on Xerox to investment grade, from BB+ to BBB-. This upgrade follows similar investment grade actions from rating services Moody's and Fitch.

Xerox initiated a cash tender offer on April 4 to purchase all outstanding shares of common stock of Global Imaging Systems for \$29 per share. The tender offer expired at midnight ET on May 8, at which time about 45.6 million shares had been tendered, representing approximately 90.4 percent of the shares outstanding. Today Xerox acquired all of the remaining outstanding shares of Global Imaging. These shares will be cancelled and converted into the right for the shareholders to receive \$29 per share in cash, without interest and less any required withholding taxes.

The Global acquisition is Xerox's third in the past year. In July 2006, Xerox closed on the \$175 million cash acquisition of Amici LLC, a provider of electronic-discovery services that support litigation and regulatory compliance. Xerox acquired XMPie for \$54 million in November of last year. XMPie is the leading provider of software for personalized, multimedia marketing campaigns.

Note to Editors: 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 risk that the businesses of Xerox and Global Imaging will not be integrated successfully, or will take longer than anticipated; the risk that the expected cost savings from the Global Imaging transaction will not be achieved or unexpected costs will be incurred; the risk that customer retention goals for the Global Imaging transaction will not be met and that disruptions from the Global Imaging transaction will harm relationships with customers, employees and suppliers; 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 maintain and improve cost

efficiency of operations; 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 Results of Operations and Financial Condition" section and other sections of our quarterly report on Form 10-Q for the quarter ended March 31, 2007, as well as in our 2006 Form 10-K 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.

This release is not a solicitation of a proxy. It is also not an offer to purchase securities or a solicitation of an offer to sell securities.

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