



Benefits at Xerox

2011 Changes Brochure For Salaried Employees



The health of our organization is dependent on the health of our people.

That's why we offer comprehensive health care benefits, as well as resources to help employees and their family members achieve their optimal health.

Our goal is to provide health care plans that combine quality care in an environment where health care is continually changing and health care costs have continued to rise—at a rate outpacing overall inflation and at a rate greater than our own revenue growth. While Xerox will continue to pay the majority of health care costs, you will see higher contributions for the cost of your coverage.

It's clear that the current state of health care is unsustainable and that a new approach is needed, one that considers the impact of national health reform and is driven by a shared responsibility between Xerox and its people.

Over the next several years, national health care reform will reshape how Xerox provides health care to its people. This evolution begins in 2011, as we extend the availability of health care coverage to dependent children until age 26 and enhance our preventive care benefits. But that's just the start. Evidence has shown that by leading a healthier lifestyle and making better-informed choices, we can improve our individual health and have a positive impact on health care costs.

Last year, Xerox introduced comprehensive wellness programs and continued incentives for healthy behaviors. We will continue our focus this year on supporting healthy living, once again providing financial incentives for participating in the health assessment and certifying tobacco-free status. More important is the opportunity for you to take action on the results of your health assessment—using the resources available, such as 100% paid preventive care benefits and our personalized health coaching and support programs.

This brochure describes the changes to your benefits for 2011. In addition to plan changes, you will also see changes in the administration of our health care benefits and the Annual Enrollment process as we leverage the capability and experience of ACS within our company.

The challenge of rising health care costs will require that we think differently about how we choose and use health care services in the future. Together, we can make a difference in our health and in our costs.

Sincerely,

Peter Dowd

Director, Compensation and Benefits

What's New for 2011

Here is a summary of the changes you'll see for 2011 and some important things you'll need to know about this year's enrollment. These changes are described in more detail on the following pages.

2011 Annual Enrollment

November 2 – November 23, 2010

2011 Benefit Changes at a Glance

| | |
|---|--|
| General | |
| New Website and Xerox Employee Service Center | You will enroll for benefits through a new website called BenefitsWeb. BenefitsWeb has a number of tools to help you make informed benefit decisions, including the ability to have a live, online chat with a Service Center Representative. A new Employee Service Center will be available to answer your questions related to your 2011 benefits and Annual Enrollment. |
| Health Care Reform | |
| Adult Children | Adult children will be eligible for medical, dental and vision coverage up to age 26. Note that eligibility for Child Life Insurance and Child Accidental Death & Dismemberment Insurance has not changed. (See your enrollment guide for complete details on dependent eligibility). |
| Over-the-Counter Medications | Effective January 1, 2011, amounts paid for over-the-counter drugs will no longer be qualified medical expenses eligible for tax-free reimbursement from your Health Care Flexible Spending Account (formerly called a Health Care Salary Redirection Account) or Health Savings Account (HSA), unless they are prescribed by a doctor. |
| Medical Plan | |
| Coinsurance Plus Option Copay Changes | The Coinsurance Plus option will pay 100% of eligible charges after a: <ul style="list-style-type: none">• \$30 copay for an in-network office visit, or• \$45 copay for an office visit to an in-network specialist. |
| Coinsurance Plus Option Out-of-Pocket Maximum | The annual out-of-pocket maximum for Family coverage will increase to 11% of pay, up to a maximum of \$16,500, with a minimum of \$2,200. |
| Prescription Drug Coverage | Under the Coinsurance Plus option, prescription drug copays will increase for prescriptions filled at a retail pharmacy or through the mail order pharmacy. Refer to "Health Care Changes" on page 6 for details. |
| Network Blue Alternate Arrangement (Florida Only) | Under the Coinsurance Plus and High Deductible options, the Network Blue alternate network in Florida will revert to the Empire Blue Card PPO Network. |
| Smoking Cessation | Smoking cessation products that your doctor prescribes as part of counseling for nicotine addiction will now be covered as a prescription drug benefit under the Coinsurance Plus option, High Deductible option and Health Maintenance Organizations (HMOs). |
| Spousal Surcharge | The spousal surcharge for Xerox medical coverage will increase from \$750 to \$900. However, as before, you can reduce the impact of this surcharge by taking advantage of Xerox's health incentives. |
| Health Savings Account (HSA) | ACS BNY Mellon HSA Solution will be the new HSA administrator. |
| Flexible Spending Accounts (Formerly Called Salary Redirection Accounts) | |
| Health Care Flexible Spending Account | ACS will be the new administrator for Health Care and Dependent Care Flexible Spending Accounts (FSAs). If you enroll in the Health Care FSA, you will receive a new debit card, called a "Health Care Card," from ACS. |
| Vacation Purchase | |
| Default Election | To purchase vacation for 2011, you must make a new election during Annual Enrollment. |

New Website and Employee Service Center

This year, you will enroll online through a new website, called “BenefitsWeb.” You will also have a new phone number to call for benefits-related questions.

BenefitsWeb

Through this secure website, you will have access to self-service capabilities 24 hours a day, seven days a week. BenefitsWeb enables you to quickly and easily complete benefit transactions online during Annual Enrollment and throughout the year.

Here is a quick look at some of the things you can do on BenefitsWeb:

- Compare medical and dental plan features, such as out-of-pocket costs, access to care, benefits coverage and health plan satisfaction
- Link to provider websites to search for health care providers, hospitals and labs
- Conduct transactions
 - Enroll in coverage
 - Add, drop or change coverage if you experience an eligible qualifying life event, such as marriage, birth or adoption (after January 1, 2011)
- Obtain plan cost information
 - Estimate your health care costs with the Health Plan Evaluator
 - Determine your Health Care and Dependent Care Flexible Spending Account contributions with the FSA calculator
 - Use the life insurance calculator to estimate life insurance needs
- Confirm dependent information
- Ask benefit questions via email or real-time chat (during service center hours)

Xerox Employee Service Center

During Annual Enrollment, call the Xerox Employee Service Center at **1.800.428.2203** if you have questions about your 2011 health and welfare benefits. Service Center Representatives are available from 8 a.m. to 8 p.m. ET, Monday through Friday, except on holidays.

For questions about your 2010 health and welfare benefits and your retirement benefits, please continue to contact the Xerox Benefits Center at **1.888.979.9961** or visit Your Benefits Resources at <http://resources.hewitt.com/xerox>.



How to Enroll

You can enroll for 2011 benefits online through BenefitsWeb. If you don't have Internet access, you may enroll by calling the Xerox Employee Service Center. Here are the steps to follow:

Online

To enroll online at BenefitsWeb:

- Go to <https://www.benefitsweb.com/xerox.html>.
- Enter your user ID and passcode:
 - Your initial user ID will be your Social Security number.
 - Your initial passcode will be your birth date in MMDDYY format. For example, if your birth date is March 1, 1967, your passcode is 030167.

To protect the security of your information, immediately after you log in for the first time, you will be required to change both your user ID and passcode.

By Phone

To use the Xerox Employee Service Center to enroll:

- Call **1.800.428.2203**. Service Center Representatives will be available from 8 a.m. to 8 p.m. ET, Monday through Friday, except on holidays.
- You will need to enter your Social Security number and passcode into the telephone key pad or provide them to the Service Center Representative. Your phone passcode is the same as your online passcode (see above).

Health Care Changes

The health care changes for 2011 reflect changes in shared benefit costs, as well as changes resulting from recent Health Care Reform legislation.

Eligibility for Benefits

Beginning January 1, 2011, your children will be eligible for medical, dental and vision coverage up to their 26th birthday. Children are eligible regardless of their student status, marital status, financial support or whether they live with you.

Note: If you are adding an adult child under the age of 26 who either lost coverage or was denied coverage based on his or her age, you will have until December 1 to add him or her to your coverage to be effective January 1, 2011. However, to enroll your child during the extended period between November 24 and December 1, 2010, you can do so only by calling the Xerox Employee Service Center at **1.800.428.2203** and following the instructions to speak with a Service Center Representative.

Changes to the Coinsurance Plus Option

As of January 1, 2011, the following changes will be made to the Coinsurance Plus option:

- The office visit copayment will increase to \$30 for a Primary Care Physician—for services other than routine preventive care—and \$45 for a specialist.
- The family annual out-of-pocket maximum has been adjusted for 2011. Both the individual and family out-of-pocket maximums are shown here:

Annual Out-of-Pocket Maximum

| | |
|----------------------------------|---|
| Individual Out-of-Pocket Maximum | <ul style="list-style-type: none"> • 5.5% of pay, up to a maximum of \$8,250 • Minimum: \$1,100 (that is, if 5.5% of your annual pay is less than \$1,100, your annual out-of-pocket maximum will be \$1,100) |
| Family Out-of-Pocket Maximum | <ul style="list-style-type: none"> • 11% of pay, regardless of the number of persons covered, up to a maximum of \$16,500 • Minimum: \$2,200 (that is, if 11% of your annual pay is less than \$2,200, your annual out-of-pocket maximum will be \$2,200) |

- Prescription drug copayments in the Coinsurance Plus option will change as follows:

Prescription Drug Copayments

| | Retail Pharmacy 30-Day Supply | | Mail Order Pharmacy 90-Day Supply | |
|---------------------|----------------------------------|---------------|--------------------------------------|---------------|
| | 2010 Copay | 2011 Copay | 2010 Copay | 2011 Copay |
| Generic | \$10 | \$15 | \$25 | \$37.50 |
| Preferred Brand | \$35 | \$40 | \$87.50 | \$100 |
| Non-Preferred Brand | \$50 | \$55 | \$125 | \$137.50 |

High Deductible Option

Beginning January 1, 2011, Empire BlueCross BlueShield will no longer require precertification for outpatient mental health and substance abuse treatment under the Coinsurance Plus or High Deductible options. CIGNA did not have this precertification requirement.

Network Blue Alternate Arrangement (Florida Only)

Under the Coinsurance Plus and High Deductible options, Network Blue, an alternate network in Florida, will revert to the Empire Blue Card PPO Network. Affected participants will receive new ID cards for 2011.

Smoking Cessation

Beginning January 1, 2011, prescription drug coverage under all Xerox medical options—including the Coinsurance Plus option, High Deductible option and Health Maintenance Organizations (HMOs)—will cover smoking cessation drugs and products that your doctor prescribes as part of counseling for nicotine addiction. Smoking cessation drugs and products will be covered at the same level as other drugs of similar classification (for example, generic, preferred brand or non-preferred brand).

Spousal Surcharge

If you enroll your spouse or domestic partner in Xerox's medical coverage, a surcharge will apply. For 2011, the spousal surcharge for Xerox medical coverage is \$900. If your spouse or domestic partner qualify for the Health Assessment and tobacco-free incentives (\$300 each, for a potential \$600 total), you can reduce the surcharge to \$300. Health incentives are described on page 9 in the 2011 Enrollment Guide.

Health Savings Account Changes

Beginning January 1, ACS | BNY Mellon HSA Solution will replace JPMorgan Chase as our HSA administrator.

If you enroll in the High Deductible option, you may establish a Health Savings Account (HSA). The HSA is a tax-advantaged savings account that you can use to pay for eligible health care expenses now or in the future.

Managing Your Account

When you open an HSA account, you will have online access to your account activity, including deposits, withdrawals and interest. The ACS | BNY Mellon HSA Solution's secure website offers a wide array of tools and resources to help you get the most from your HSA. Visit www.hsamember.com for a preview. Through the member website you will be able to reorder checks or set alerts to notify you if your account balance reaches a certain level.

Investment Options

To help your HSA dollars grow, ACS | BNY Mellon HSA Solution offers 20 investment options from a variety of fund families. Once your HSA balance reaches \$1,500, you can invest any excess funds among a selection of 20 investment options. Online access to your investment accounts will be available 24 hours a day, seven days a week.

For More Information

You can learn more about ACS | BNY Mellon HSA Solution at www.hsamember.com. If you enroll in the High Deductible option, you'll receive a separate HSA communication with additional details.



If You Currently Have an HSA

If you currently have an HSA, you will receive a separate communication regarding your option to transfer your account to ACS | BNY Mellon HSA Solution. Although you are not required to transfer your account, you will need to open an HSA with ACS | BNY Mellon HSA Solution to receive the Xerox match of up to \$450 per year (available to participants earning up to \$80,000 per year).

HSAs and Health Care Reform

If you use your HSA for a non-qualified expense (such as over-the-counter medications without a prescription) your expense will be subject to income tax and a 20% tax penalty.

Flexible Spending Account Changes

Flexible spending accounts (FSAs) offer you a way to save money on your health care and/or dependent care expenses. Xerox offers two flexible spending accounts (formerly called Salary Redirection Accounts):

- Health Care Flexible Spending Account
- Dependent Care Flexible Spending Account

New Flexible Spending Account Administrator

Beginning January 1, 2011, ACS will administer your Health Care and Dependent Care FSA claims.

You can track the status of your account online through BenefitsWeb to see your contributions, account balance and submitted claims, as well as get a list of eligible expenses. ACS also offers a convenient debit card called a "Health Care Card." You can use your Health Care Card to pay health care providers (medical, dental and vision) and purchase health care items at eligible retail stores. For a list of eligible stores, go to the Flexible Spending Account section of BenefitsWeb (available January 1, 2011).

Flexible Spending Account Claims for 2010

Your current ADP FlexDirect Flexible Spending Account Visa® (FSA Card) will be active through December 31, 2010. After that date, the card will be deactivated. During the annual grace period from January 1 to March 15, 2011, you will need to pay for eligible health care items out of your pocket and submit claims for reimbursement to ADP instead of using the FSA Card.

You will have until June 30, 2011, to submit receipts to the ADP Flexible Spending Participant Service Center for 2010 health care and dependent care expenses. Note that over-the-counter medications that are purchased without a prescription after December 31, 2010, will not be reimbursable from 2010 Salary Redirection Account contributions. Contact ADP at **1.800.654.6695** or go to www.flexdirect.adp.com for additional information.

Reimbursement of FSA Claims for 2010 and 2011

| | 2010 Claims | 2011 Claims |
|----------------|--|--|
| Submit by | June 30, 2011 | June 30, 2012 |
| Submit by Mail | ADP P.O. Box 1853 Alpharetta, GA 30023-1853 | ACS Spending Accounts P.O. Box 981121 El Paso, TX 79998-1121 |
| Submit by Fax | 1.866.392.4090 1.678.762.5900 | 1.877.214.5051 |
| Questions | ADP Flexible Spending Participant Service Center 1.800.654.6695 www.flexdirect.adp.com | Xerox Employee Service Center 1.800.428.2203 https://www.benefitsweb.com/xerox.html |

Reimbursement for Over-the-Counter Medications

Amounts paid for over-the-counter (OTC) drugs will no longer be qualified medical expenses eligible for tax-free reimbursement from your Health Care FSA or Health Savings Account (HSA), unless prescribed by a doctor. The prescription requirement applies only to over-the-counter drugs purchased after December 31, 2010, including those purchased during the grace period for 2010 accounts (January 1 – March 15, 2011). It does not apply to expenses for other over-the-counter medical supplies, such as insulin and diabetic supplies, bandages, contact lens supplies and solutions, first aid supplies, reading glasses, thermometers, walkers and wheelchairs.

The list below shows examples of eligible and ineligible OTC expenses. If you have a question about whether an expense is eligible, please call the Xerox Employee Service Center at **1.800.428.2203**.

Over-the-Counter Items That Are No Longer Eligible Without a Prescription

- Acid controllers
- Anti-itch medicines
- Antihistamines
- Baby rash ointments/creams
- Cold sore remedies
- Cough medicines
- Digestive aids
- Laxatives
- Motion sickness products
- Pain relievers
- Respiratory treatments
- Sleep aids

Over-the-Counter Items That Will Remain Eligible

- Bandages
- Braces and supports
- Contact lens supplies/solutions
- First aid supplies
- Insulin
- Reading glasses
- Thermometers
- Walkers
- Wheelchairs

Preparing for Annual Enrollment

Here are some other important things to know as you prepare for Annual Enrollment.

Learn More about Your Options at a Health Fair

Xerox will hold health fairs in the locations shown below to help you understand how your benefits work and enable you to get answers to your questions directly from Xerox's health partners.

Local Health Fairs

| Location | Date | Time | Room |
|-----------------|------------------------|------------------|--|
| Webster, NY | Thursday, November 4 | 7 a.m. – 6 p.m. | 800 Phillips Road Bldg. 200 Cafeteria 334 |
| Rochester, NY | Friday, November 5 | 10 a.m. – 3 p.m. | Xerox Square Main Lobby 100 Clinton Avenue South |
| Lewisville, TX | Tuesday, November 9 | 9 a.m. – 3 p.m. | 1303 Ridgeview Drive Bldg. 300 Tejas Conference Room |
| Wilsonville, OR | Monday, November 15 | 10 a.m. – 4 p.m. | 26600 SW Parkway Avenue Building 60, Auditorium |
| El Segundo, CA | Wednesday, November 17 | 9 a.m. – 3 p.m. | 555 S. Aviation Blvd Bldg. M1, Cafeteria - East End |

Collect the Rewards of Good Health

To encourage good health, Xerox offers several opportunities to reduce your share of the cost of coverage when you demonstrate your commitment to being healthy. You and your spouse or domestic partner can reduce your costs for coverage by:

- Taking the Health Assessment by the deadline shown in your enrollment guide
- Certifying that you are tobacco-free when you enroll in medical coverage
- Certifying that you are tobacco-free when you enroll in Optional Employee or Spouse/Domestic Partner Life Insurance coverage

Be sure to review your enrollment guide for additional information.



Take the Health Assessment

The Health Assessment is an easy way to help you assess your current health status and identify health risks.

To take the Health Assessment, go to the Your Xerox Health Connection website at www.cigna.com/xeroxbenefits, and click the "Ready to Take Your Health Assessment" button.

You will be asked if you've taken the Health Assessment before.

- **Select Yes** if you took the Health Assessment last year, or if you are returning again this year. Log in and you'll be redirected to "my health and wellness center." Click on the Health Assessment link to begin your assessment for 2011.
- **Select No** to complete a short registration process.
 - Once your registration is complete, you'll be redirected to "my health and wellness center."
 - Here, you'll be asked to create a username and password. If you would like, this can be the same username and password as those created for the Your Xerox Health Connection site.
 - Click on the Health Assessment link to begin your assessment for 2011.
- **Select Unsure** if you can't remember if you took the Health Assessment last year, then follow the steps as directed on the site.

If you need help accessing the Health Assessment, please call CIGNA at 1.800.854.7312.

Note: Your children cannot take the Health Assessment.

If You Don't Enroll

You must take an active role in choosing your 2011 benefit coverage. If you do not update your benefits coverage online or by phone during Annual Enrollment, the benefits you have now will automatically continue in 2011, with the following exceptions:

- **Health Assessment Incentive.** If you and/or your spouse/domestic partner do not complete the Health Assessment by the deadline shown in your enrollment guide, you won't receive the full Health Assessment incentive.
- **Medical.** You and your spouse/domestic partner will not receive the tobacco-free incentive (to receive the tobacco-free incentive for medical coverage, you must indicate your tobacco-free status each year when you enroll).
- **Dental.** Your current option and coverage level will remain in place. However, if you are currently enrolled in the Aetna DMO and it is no longer available in your ZIP Code, you will be enrolled automatically in the MetLife Basic Dental option.
- **Flexible Spending Accounts.** You will not be able to participate for 2011 if you don't make an election.
- **Life Insurance.** If you haven't previously indicated your tobacco-user status, and you don't indicate your status when you enroll this year, the higher rate for tobacco users will apply to your Optional Employee and/or Spouse/Domestic Partner Life Insurance coverage.
- **Vacation Purchase.** You must enroll to have this benefit in 2011; your current election will not carry over.

To Learn More

Here are the points of contact for information about your benefits:

| For questions about... | Go to... |
|--|---|
| Health and Welfare Benefits for 2011 Annual Enrollment and Beyond | BenefitsWeb: https://www.benefitsweb.com/xerox.html Xerox Employee Service Center: 1.800.428.2203 Note: This number is the same as the current Xerox Human Resources Service Center. |
| 2010 Health and Welfare Benefits (Available Until December 31, 2010) | Your Benefits Resources: http://resources.hewitt.com/xerox The Xerox Benefits Center: 1.888.979.9961 |
| Retirement Benefits (401K and pension) | Your Benefits Resources: http://resources.hewitt.com/xerox The Xerox Benefits Center: 1.888.979.9961 |

Take an active role in choosing your 2011 benefits coverage. Enroll by November 23. Refer to your Benefits at Xerox 2011 Enrollment Guide for details.

Summary of Material Modifications

The Benefits at Xerox 2011 Changes Brochure and 2011 Enrollment Guide constitute a summary of material modifications. Altogether, this brochure, the enrollment guide and the most recent edition of the Summary Plan Descriptions, are only a summary of your benefit options and do not create a contract of employment between the Company and any employee.*

The official names of the plans affected by the changes are:

- The Xerox Medical Care Plan, which includes the Coinsurance Plus and High Deductible options, the Xerox Employee Assistance Program (XEAP) and prescription drug coverage,
- The Xerox Insured Medical Care Plan, which includes the local Health Maintenance Organizations (HMOs) and XEAP,
- The Xerox Dental Care Plan, which includes the MetLife Basic Dental, MetLife Dental Plus and Aetna DMO options, and
- The Xerox Vision Care Plan.

Details of these plans and programs can be found in the plan documents or HR policies that govern all aspects of the plan or program or, if applicable, in the agreements between the HMOs and the employees who elect them. In the event of a discrepancy between the information contained in this changes brochure and the applicable HR policies, agreements or plan documents, the relevant HR policies, HMO agreements or plan documents shall be controlling. The Company reserves the right to amend or terminate the plans or programs at any time for any reason.

*Temporary employees (except for certain cases in Hawaii) and independent contractors, including (without limitation) leased employees, supplemental contract workers, consultants or anyone classified as such by the Company, or any other third-party personnel, or anyone classified as such by the Company, who performs services for the Company, are neither eligible for, nor covered by, the plans and programs summarized herein (unless they qualify as eligible dependents).



To find out more about making your 2011 benefit elections, visit BenefitsWeb at <https://www.benefitsweb.com/xerox.html> or call the Xerox Employee Service Center at **1.800.428.2203**.

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