

AFFILIATED COMPUTER SERVICES INC

Form DEF 14A

April 14, 2009

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**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 (Amendment No.)**

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 Pursuant to §240.14a-12

Affiliated Computer Services, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

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**AFFILIATED COMPUTER SERVICES, INC.
2828 North Haskell Avenue
Dallas, Texas 75204**

April 14, 2009

Dear Stockholder:

It is my pleasure to invite you to the Annual Meeting of Stockholders of Affiliated Computer Services, Inc. to be held on May 28, 2009 at 11:00 a.m., CDT at Cityplace Conference Center, 2711 North Haskell Avenue, Dallas, Texas 75204. The Notice of the Annual Meeting and Proxy Statement, which are attached, provide information concerning the matters to be considered at the Annual Meeting. The Annual Meeting will cover only the business contained in the Proxy Statement and will not include a management presentation.

You may now access our proxy materials over the Internet. We are mailing to all of our stockholders a Notice of Internet Availability of Proxy Materials (Notice) instead of a paper copy of this Proxy Statement and our Annual Report. The Notice contains instructions on how to access those documents over the Internet, as well as instructions on how to request a paper copy of our proxy materials. We believe that this process reduces the environmental impact and lowers the costs of printing and distributing our proxy materials.

Please note that only stockholders of record as of the close of business on April 3, 2009 will be eligible to vote at the Annual Meeting. Your vote is important. You may vote by Internet or by telephone using the instructions on the Notice, or, if you received a paper copy of the proxy card, by signing and returning it in the envelope provided.

We look forward to seeing you at the meeting.

Very truly yours,

Darwin Deason
Founder and Chairman of the Board

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**AFFILIATED COMPUTER SERVICES, INC.
2828 North Haskell Avenue
Dallas, Texas 75204**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

- Date and Time:** May 28, 2009, 11:00 a.m., Central Time, Dallas, Texas
- Place of Meeting:** Cityplace Conference Center, 2711 North Haskell Avenue, Dallas, Texas 75204
- Business to be Conducted:**
1. To elect directors to hold office for a one-year term, or until their respective successors shall have been duly elected and qualified.
 2. To consider and vote on the Senior Executive Annual Incentive Plan for participants.
 3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2009.
 4. To transact such other business as may properly come before the meeting.
- Adjournments and Postponements:** Any action on the business to be conducted may be considered at the date and time of the annual meeting as specified above or at any time or date to which the annual meeting may be properly adjourned and postponed.
- Record Date:** You are entitled to vote at the Annual Meeting if you were a stockholder of record as of the close of business on April 3, 2009.
- Voting Rights:**
- A holder of shares of ACS Class A common stock is entitled to one vote, in person or by proxy, for each share of Class A common stock on all matters properly brought before the Annual Meeting.
- A holder of shares of ACS Class B common stock is entitled to ten votes, in person or by proxy, for each share of Class B common stock on all matters properly brought before the Annual Meeting.

By Order of the Board of Directors

Tas Panos
Corporate Secretary

Your vote is very important.

Whether or not you plan to attend the Annual Meeting you are encouraged to read the Proxy Statement and vote your shares as soon as possible.

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**AFFILIATED COMPUTER SERVICES, INC.
2828 North Haskell Avenue
Dallas, Texas 75204**

**PROXY STATEMENT
for
ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 28, 2009**

GENERAL INFORMATION

QUESTIONS AND ANSWERS

Why did I receive this proxy statement?

This proxy statement is being furnished to you as a stockholder of record, as of April 3, 2009, of Affiliated Computer Services, Inc., a Delaware corporation, in connection with the solicitation by our Board of Directors of proxies to be voted at the Annual Meeting of Stockholders to be held on May 28, 2009. As a stockholder, you are invited to attend the Annual Meeting and are entitled to and are requested to vote on the items of business described in this proxy statement. On or about April 14, 2009, we mailed to our stockholders of record as of the close of business on April 3, 2009 a Notice Regarding the Availability of Proxy Materials containing instructions on how to access this proxy statement and our annual report online.

All references, unless otherwise noted, to the Company, we, our, us and ACS in this proxy statement refer to Affiliated Computer Services, Inc. (and its subsidiaries).

When and where is the Annual Meeting to be held?

The Annual Meeting of Stockholders will be held at Cityplace Conference Center, 2711 North Haskell Avenue, Dallas, Texas 75204, on May 28, 2009, at 11:00 a.m., Central Time, or at any adjournments thereof, for the purposes stated in the Notice of Annual Meeting.

Internet Availability of Proxy Materials

Under rules adopted by the Securities and Exchange Commission (the SEC), we are now primarily furnishing proxy materials to our stockholders on the Internet, rather than mailing paper copies of the materials (including our Annual Report on Form 10-K for the fiscal year ended June 30, 2008, as amended by our Form 10-K/A filed October 24, 2008) to each stockholder. If you received only a Notice Regarding the Availability of Proxy Materials (the Notice) by mail, you will not receive a paper copy of these proxy materials unless you request one. Instead, the Notice will instruct you as to how you may vote your shares. The Notice will also instruct you as to how you may access your proxy card to vote over the Internet. If you received a Notice by mail or electronic mail and would like to receive a paper copy of our proxy materials, free of charge, please follow the instructions included in the Notice.

The Notice was mailed to our stockholders of record on the record date on or about April 14, 2009.

What information is contained in this proxy statement?

This proxy statement informs our stockholders when and where we will hold the Annual Meeting. Additionally, this proxy statement:

Includes information regarding the matters that will be discussed and voted on at the Annual Meeting, and

Provides information about the Company that our stockholders should consider in order to make an informed decision at the Annual Meeting.

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What items of business will be voted on at the Annual Meeting?

The items of business scheduled to be voted on at the Annual Meeting are:

Proposal 1: A proposal to elect directors to hold office for a one-year term or until their respective successors shall have been duly elected and qualified.

Proposal 2: A proposal to approve the Senior Executive Annual Incentive Plan for participants.

Proposal 3: A proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2009.

We also will consider any other business that properly comes before the Annual Meeting.

What shares can I vote at the Annual Meeting?

Our Board of Directors has fixed the close of business on April 3, 2009 as the record date for the Annual Meeting. Only holders of record of the outstanding shares of Class A common stock and Class B common stock at the close of business on the record date are entitled to vote at the Annual Meeting or any adjournments thereof.

A holder of shares of Class A common stock is entitled to one vote, in person or by proxy, for each share of Class A common stock standing in his or her name on our books on the record date on any matter properly presented to a vote of the stockholders at the Annual Meeting.

A holder of shares of Class B common stock is entitled to ten votes, in person or by proxy, for each share of Class B common stock standing in his name on our books on the record date on any matter properly presented to a vote of the stockholders at the Annual Meeting.

Our Chairman of the Board of Directors (Chairman), Darwin Deason, has agreed to limit the voting power of certain of his Class A and Class B shares. See the discussion of Mr. Deason's voting rights under the section entitled Certain Executive Arrangements Mr. Deason's Voting Agreement below.

As of the close of business on the record date, we had outstanding 90,994,452 shares of Class A common stock, \$0.01 par value per share, and 6,599,372 shares of Class B common stock, \$0.01 par value per share.

What is the voting requirement to approve each of the proposals?

Proposal 1 (the proposal to elect directors) requires the affirmative vote of the holders of shares of Class A common stock and Class B common stock, voting together as a class, having a plurality of the voting power, in person or by proxy. Stockholders may not cumulate their votes in the election of directors. Abstentions and broker non-votes (shares held by brokers or nominees as to which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners of such shares or persons entitled to vote on the matter), if any, will have no effect on the election of directors.

Each of Proposal 2 (the proposal to approve the Senior Executive Annual Incentive Plan for participants) and Proposal 3 (the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2009) require the affirmative vote of the holders of shares of Class A common stock and Class B common stock, voting together as a class, having a majority of the voting power eligible to vote and

voting, either in person or by proxy, at the Annual Meeting. Abstentions will have the same effect as a vote against Proposal 2 and Proposal 3, and broker non-votes will have no effect on such proposals.

How many shares must be present or represented to conduct business at the Annual Meeting?

The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Class A common stock and Class B common stock entitled to vote at the Annual Meeting or any adjournment thereof is necessary to constitute a quorum to transact business. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present.

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How do I vote?

Stockholders of record can vote in person at the Annual Meeting or by proxy. There are three ways to vote by proxy:

By Telephone Stockholders of record located in the United States can vote by telephone by calling (800) 690-6903 and following the instructions on the Notice, or if you received a proxy card, by following the instructions on the proxy card;

By Internet Stockholders of record can vote over the Internet at www.proxyvote.com by following the instructions on the Notice, or if you received a proxy card, by following the instructions on the proxy card; or

By Mail Stockholders of record who received your proxy materials by mail can vote by mail by signing, dating and mailing the enclosed proxy card or voter instruction form.

Telephone and Internet voting facilities for stockholders of record will be available 24 hours a day beginning on or about April 17, 2009 and will close at 11:59 p.m. (EDT) on May 27, 2009. Internet and telephone voting is convenient, saves on postage and mailing costs and is recorded immediately, minimizing risk that postal delays may cause votes to arrive late and therefore not be counted. Stockholders who attend the Annual Meeting may vote in person, and any previously submitted votes will be superseded by the vote cast at the Annual Meeting.

Stockholders who hold their shares in street name will need to obtain a voting instruction card from the institution that holds their shares and must follow the voting instructions given by that institution.

Shares represented by duly executed proxies in the accompanying form will be voted in accordance with the instructions indicated on such proxies or voter instruction forms, and, if no such instructions are indicated thereon, will be voted FOR the nominees for election of directors named below, the approval of the Senior Executive Annual Incentive Plan for participants and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2009. Abstentions and broker non-votes will have no effect on the election of directors. Abstentions will have the same effect as a vote against Proposal 2 and Proposal 3 and broker nonvotes will have no effect on such proposals.

What if I want to change my vote?

If you are a stockholder of record, you may revoke your proxy at any time before it is voted at the meeting. To do this, you must:

enter a new vote by telephone, over the Internet, or by signing and returning another proxy card at a later date;

provide written notice of the revocation to our Corporate Secretary or deliver another duly executed proxy or voter instruction form dated subsequent to the date thereof to the addressee named in the proxy or voter instruction form; or

attend the meeting and vote in person.

If your shares are held in street name, you must contact your broker or nominee to revoke and vote your proxy.

Who will pay for the cost of this solicitation?

The cost of preparing, assembling, printing and distributing this proxy statement and related materials and the cost of soliciting proxies related to the Annual Meeting will be borne by us. We will request banks and brokers to solicit their customers who are beneficial owners of shares of common stock listed of record in names of nominees, and will reimburse such banks and brokers for the reasonable out-of-pocket expenses for such solicitation.

Who will serve as inspector of elections?

A representative of Broadridge Financial Solutions, Inc. (formerly ADP Investor Communications Services), the independent inspector of elections appointed for the meeting, will separately tabulate affirmative and negative

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votes, and abstentions. Voting results will be announced at the meeting and will be posted shortly after the meeting on our website at www.acs-inc.com under the caption Investor Relations. Voting results will also be published in our Form 10-K for the fiscal year ended June 30, 2009. After the report is filed, you may obtain a copy by:

visiting our website at www.acs-inc.com;

contacting our Investor Relations department at 214-841-8281; or

viewing our Form 10-K for the fiscal year ended June 30, 2009 on the SEC's website at www.sec.gov, when filed.

PROPOSALS

PROPOSAL 1:

ELECTION OF DIRECTORS

The Board of Directors consists of seven directors. All directors must stand for election at the Annual Meeting and hold office for a one-year term, or until their respective successors are elected and qualified.

Shares represented by proxies or voter instruction forms duly executed and returned will be voted, unless otherwise specified, in favor of each of the nominees for the Board of Directors named below. You cannot vote for more than seven nominees. The nominees have indicated that they are able and willing to serve as directors. If any (or all) such persons should be unable to serve, the persons named in the proxy or voter instruction form will vote the shares covered thereby for such substitute nominee (or nominees) as the Board of Directors may select pursuant to the recommendation of the Nominating and Corporate Governance Committee of the Board. You may withhold authority to vote for all nominees or withhold authority to vote for any nominee by following the voting instructions provided.

Nominees for Election as Director

The following table lists the name and principal occupation of each nominee for director and the year in which each such person was first elected as a director.

Name	Principal Occupation	Served as Director Since
Darwin Deason	Chairman of the Board of Directors	1988
Lynn R. Blodgett	President and Chief Executive Officer	2005
Robert Druskin	Investor	2008
Kurt R. Krauss	Investor/Managing Member of Sachem Investments, LLC	2007
Ted B. Miller Jr.	Investor	2007
Paul E. Sullivan	Member, Frost Brown Todd, LLC	2008
Frank Varasano	Investor	2007

Business Experience of each Nominee

Set forth below is certain information, as of April 1, 2009, with respect to each of the nominees for the office of director.

Darwin Deason, age 68, has served as our Chairman of the Board of Directors since our formation in 1988. Mr. Deason also served as Chief Executive Officer from our formation until February 1999. Prior to our formation, Mr. Deason spent 20 years with MTech Corp., a data processing subsidiary of MCorp, a bank holding corporation based in Dallas, Texas, serving as MTech's Chief Executive Officer and Chairman of the Board of Directors from 1978 until April 1988, and also serving on the boards of various subsidiaries of MTech and MCorp.

Lynn R. Blodgett, age 54, has served as President and Chief Executive Officer since November 2006 and has served as a director since September 2005. Mr. Blodgett previously served as Executive Vice President and Chief

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Operating Officer from September 2005 to November 2006. Prior to that time he had served as Executive Vice President and Group President Commercial Solutions since July 1999. From March 1990 until July 1999 Mr. Blodgett served as President of ACS Business Process Solutions, Inc. (formerly Unibase Technologies, Inc., an entity that we acquired in 1996).

Robert Druskin, age 61, has served as a director since March 2008. From December 2006 to December 2007, Mr. Druskin served as Chief Operating Officer of Citigroup and a member of its Office of the Chairman. He was also a member of the Citi Business Heads, Operating, and Management committees. From April 1996 to August 1997 he served as head of Asset Management and the Futures Division. In August 1997, he returned to the position of Chief Administrative Officer and in September 2000 he became Chief Operations and Technology Officer for Citigroup. From August 2002 through December 2003, he was the President and Chief Operating Officer of Citi Markets & Banking and from December 2003 to December 2006 served as Chief Executive Officer of that business. Prior to Citigroup, Mr. Druskin worked at Smith Barney, which he joined in 1991 as Chief Administrative Officer. Before joining Smith Barney, Mr. Druskin was the Chief Financial Officer of Shearson Lehman Brothers Inc. and Shearson Lehman Brothers Holdings Inc. and a member of its Executive Committee. Mr. Druskin is a member of the Board of Directors of E*Trade Financial Corporation. Mr. Druskin serves on the Rutgers Board of Trustees and the Board of Overseers for the Rutgers University Foundation. Additionally, he is on the Board of Directors of the United Negro College Fund. Mr. Druskin received his B.A. from Rutgers University.

Kurt R. Krauss, age 59, has served as a director since November 2007. From 1978 to 1992, Mr. Krauss was a partner with Booz Allen Hamilton. He also served on the firm's Board of Directors. From 1992 to 1997, Mr. Krauss was Managing Partner of the Mead Point Group, a management consulting firm which he founded with offices in Greenwich, Connecticut, and London, England. From 1997 to 2000, he served as Chief Financial Officer of Burson-Marsteller, a leading global public relations and public affairs firm. Currently, Mr. Krauss is the Managing Member of Sachem Investments LLC, an investment company he founded in 2001. Mr. Krauss has served on the Boards of Directors of Zila, Inc., Loudeye Corporation and several not-for-profit organizations. Mr. Krauss received a Master of Science in Industrial Administration from Carnegie-Mellon University and a Bachelor of Arts in Mathematics from Heidelberg College.

Ted B. Miller Jr., age 57, has served as a director since November 2007. From 1996 to 2001, Mr. Miller was the Chief Executive Officer of Crown Castle International Corp., a wireless communications company he founded in 1995 which grew from start up to a multi-billion market capitalization. He was Chairman of the Crown Castle Board of Directors from 1999 to 2002. Prior to founding Crown Castle, Mr. Miller was involved in the commercial real estate development, management and brokerage business and various investments including the media business as an original licensee of Blockbuster Video. Mr. Miller is currently President of 4M Investments LLC, an international private investment company. He is currently the Chairman and majority shareholder of M7 Aerospace LP, an internationally diversified privately held aerospace service, manufacturing and technology company. He is also Chairman and majority shareholder of Intercomp Technologies LLC, a privately held payroll outsourcing company with operations in Europe. Mr. Miller received a Juris Doctor from Louisiana State University and a Bachelor of Business Administration from the University of Texas.

Paul E. Sullivan, age 65, has served as a director since February 2008. Mr. Sullivan is a member of the law firm of Frost Brown Todd, LLC in Lexington, Kentucky. He has practiced law for over 35 years and has a substantial legal practice in complex corporate transactions and commercial litigation within the banking, manufacturing and minerals extraction industries. From 1975 to 1981, Mr. Sullivan practiced in his own law firm in Lexington, Kentucky, which he merged with Brown Todd & Heyburn, predecessor to Frost Brown Todd, in 1981. Prior to that time, Mr. Sullivan served as General Counsel to the Kentucky Department of Banking and Securities and as General Counsel to the Department of Labor for the State of Kentucky. Mr. Sullivan serves on the Board of Directors for the Central Bank and Trust Company (the largest Kentucky based bank). In addition to serving as a director, Mr. Sullivan has served on

the Bank's audit, trust (chairman) and compensation committees. Mr. Sullivan also serves on the boards of Central Bancshares, Inc., the holding company for the Bank and Central Bank, FSB, an affiliate savings bank. Mr. Sullivan received both a Juris Doctor and a Bachelor of Arts from the University of Kentucky.

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Frank Varasano, age 63, has served as a director since November 2007. From 1999 to 2001, Mr. Varasano served as Executive Vice President of Oracle Corporation. Prior to that, Mr. Varasano held several senior management positions during his 26-year tenure at Booz Allen Hamilton. As a Senior Vice President he led Booz Allen Hamilton's largest practice (Engineering and Manufacturing), largest office (New York) and largest regional profit center (United States). He also served on the firm's Board of Directors and Executive Committee. Currently, Mr. Varasano is Chief Executive Officer of a start-up company he founded. From 2005 to 2006, Mr. Varasano served as a director of Loudeye Corporation, serving on the Compensation Committee and the Special Committee that led the analysis and review of the sale of Loudeye to Nokia. Mr. Varasano holds a Masters in Business Administration from Harvard Business School and a Bachelor of Science degree from the United States Naval Academy. He also served as an officer aboard the USS Patrick Henry, a nuclear submarine.

Except as set forth above, none of the nominees holds a directorship in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or subject to the requirements of Section 15(d) of the Securities Exchange Act or any company registered as an investment company under the Investment Company Act of 1940, as amended.

THE BOARD RECOMMENDS A VOTE FOR EACH OF THE NOMINEES FOR DIRECTOR SET FORTH ABOVE.

Corporate Governance

Director Independence

Effective March 31, 2009, our Board of Directors amended our Director Independence Standards to be consistent with the independence standards set forth in Section 303A.02 of the New York Stock Exchange (NYSE) listing standards. The Board of Directors has made an affirmative determination that Messrs. Druskin, Krauss, Miller, Sullivan and Varasano are independent and have no material relationship with the Company. The Director Independence Standards can be located on our web site at www.acs-inc.com in the Investor Relations section under the Governance Documents caption.

Corporate Governance Guidelines

On August 21, 2008, our Board of Directors amended our Corporate Governance Guidelines. The Corporate Governance Guidelines, as amended, provide for, among other things:

submission of the auditors selected by our Audit Committee to stockholders for ratification annually;

formation of a Nominating and Corporate Governance Committee comprised solely of independent directors;

the implementation of stock ownership guidelines for both directors and executive officers;

a prohibition on stock option re-pricing;

formalization of the ability of independent directors and committees of the Board of Directors to retain outside advisors;

formation of a Compensation Committee comprised solely of independent directors;

performance of a periodic formal Board of Directors evaluation; and

limitation of four additional company boards on which a director may serve.

Our Corporate Governance Guidelines are available on our web site at www.acs-inc.com in the Investor Relations section under the Governance Documents caption. Our Corporate Governance Guidelines are also available free of charge to any stockholder upon written request to 2828 North Haskell Avenue, Dallas, Texas 75204, Attention: Tas Panos, Corporate Secretary.

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Board of Directors Committees and Meetings

During fiscal year 2008, we had four standing committees of the Board of Directors, including the Audit Committee, the Compensation Committee, the Special Transaction Committee and the Nominating and Corporate Governance Committee. The charters for each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are available on our web site at www.acs-inc.com in the Investor Relations section under the Committee Charting caption.

Audit Committee

Until November 21, 2007 our Audit Committee consisted of three independent directors (Messrs. Frank A. Rossi (Chairman), Dennis McCuiston and Robert B. Holland, III). On November 21, 2007, Messrs. Rossi, McCuiston and Holland and the other independent directors resigned from the Board of Directors, and Messrs. Krauss, Miller, Varasano and Richard W. Spears were appointed to the Board of Directors. On November 25, 2007, the Board of Directors appointed Messrs. Krauss (Chairman), Miller and Spears to the Audit Committee. On January 5, 2008, Mr. Spears passed away. On February 23, 2008, Mr. Sullivan was appointed as a director and our Audit Committee was reconstituted to consist of Messrs. Krauss (Chairman), Miller and Sullivan. On March 19, 2008, Mr. Druskin was appointed as a director and our Audit Committee was reconstituted to consist of Messrs. Krauss (Chairman), Miller and Druskin. All of the aforementioned Audit Committee members are independent as defined in the NYSE listing standards. Upon consideration of the attributes of an audit committee financial expert as set forth in Section 407(d) of Regulation S-K promulgated by the SEC, the Board of Directors determined that Mr. Krauss (i) possessed those attributes, which were gained through his experience as summarized in Proposal 1 below and he was designated as the Audit Committee Financial Expert and (ii) is independent, as defined in the NYSE listing standards.

The Audit Committee of the Board of Directors is responsible for:

- monitoring the integrity of our consolidated financial statements;
- discussing with management and our independent registered public accounting firm our annual audited financial statements, quarterly financial statements and reported earnings prior to the release thereof to the public;
- monitoring our auditing, accounting and financial reporting processes;
- monitoring our system of internal controls and the independence and performance of our internal auditors; and
- appointing and monitoring our independent registered public accounting firm.

The Audit Committee operates under a written charter that was amended on August 20, 2008, a copy of which is available on our web site at www.acs-inc.com in the Investor Relations section under the Committee Charting caption. Our Audit Committee Charter is also available free of charge to any stockholder upon written request to 2828 North Haskell Avenue, Dallas, Texas 75204, Attention: Tas Panos, Corporate Secretary.

Compensation Committee

Until November 21, 2007 the Compensation Committee consisted of three independent directors (Messrs. Kosberg (Chairman), O'Neill and Holland). On November 21, 2007, Messrs. Kosberg, O'Neill and Holland, along with the other independent directors, resigned from the Board of Directors, and Messrs. Krauss, Miller, Varasano and Spears were appointed to the Board of Directors. On November 25, 2007, the Board of Directors appointed Messrs. Miller

(Chairman), Krauss and Varasano to the Compensation Committee. On March 19, 2008, the Compensation Committee was reconstituted to consist of Messrs. Miller (Chairman), Sullivan and Varasano. All of the aforementioned Compensation Committee members are independent as defined in the NYSE listing standards. The Compensation Committee is responsible for:

recommending to the Board of Directors policies and plans concerning the salaries, bonuses and other compensation of our executive officers (including reviewing the salaries of the executive officers and recommending bonuses and other forms of additional compensation for the executive officers);

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compliance with the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), with respect to the review of compensation to executive officers whose annual compensation exceeds \$1 million so that such amounts may be deductible by us for federal income tax purposes; and

the grant of all awards under the stock option plans (other than those to independent directors).

A copy of the restated Compensation Committee Charter approved by the Board of Directors on February 3, 2004 is available on our web site at www.acs-inc.com in the Investor Relations section under the Committee Charting caption. Our Compensation Committee Charter is also available free of charge to any stockholder upon written request to 2828 North Haskell Avenue, Dallas, Texas 75204, Attention: Tas Panos, Corporate Secretary.

Nominating and Corporate Governance Committee

Until November 21, 2007 the Nominating and Corporate Governance Committee consisted of two independent directors (Messrs. McCuiston (Chairman) and O'Neill). On November 21, 2007, Messrs. McCuiston and O'Neill, along with the other independent directors, resigned from the Board of Directors, and Messrs. Krauss, Miller, Varasano and Spears were appointed to the Board of Directors. On November 25, 2007, the Board of Directors appointed Mr. Spears (Chairman) and Mr. Varasano to the Nominating and Corporate Governance Committee. On January 5, 2008, Mr. Spears passed away. On February 7, 2008, the Board of Directors reconstituted the Nominating and Corporate Governance Committee to consist of Messrs. Varasano (Chairman), Krauss and Miller. On February 23, 2008, Mr. Sullivan was appointed as a director and our Nominating and Corporate Governance Committee was reconstituted to consist of Mr. Sullivan (Chairman) and Mr. Varasano. On March 19, 2008, Mr. Druskin was appointed as a director and our Nominating and Corporate Governance Committee was reconstituted to consist of Messrs. Druskin (Chairman), Krauss and Varasano. All of the aforementioned Nominating and Corporate Governance Committee members are independent as defined in the NYSE listing standards. The Nominating and Corporate Governance Committee is responsible for considering, evaluating and recommending to the Board of Directors the slate of director nominees.

On August 21, 2008, our Board of Directors amended the Nominating and Corporate Governance Committee Charter, a copy of which is available on our web site at www.acs-inc.com in the Investor Relations section under the Committee Charting caption. Our Nominating and Corporate Governance Committee Charter is also available free of charge to any stockholder upon written request to 2828 North Haskell Avenue, Dallas, Texas 75204, Attention: Tas Panos, Corporate Secretary.

The Nominating and Corporate Governance Committee considered our current directors and other candidates to fill the slate of nominees for election to the Board of Directors. Based on an evaluation of the background, skills and areas of expertise represented by the various candidates against the qualifications for directors set forth in our Corporate Governance Guidelines and our current requirements, the Nominating and Corporate Governance Committee determined that our current directors possess the appropriate skill level, expertise and qualifications and recommended that Messrs. Deason, Blodgett, Druskin, Krauss, Miller, Sullivan and Varasano be re-elected to the Board of Directors.

The Nominating and Corporate Governance Committee's responsibilities include the following:

Director Qualifications. The Nominating and Corporate Governance Committee establishes the qualifications for directors and reviews them annually with the Board of Directors. The Nominating and Corporate Governance Committee seeks director candidates with the ability to make a significant contribution to the Board of Directors and the stockholders based on their background, skill and expertise. To be recommended by

the Nominating and Corporate Governance Committee, a director nominee should also possess the qualifications set forth in the Corporate Governance Guidelines, including integrity, wisdom, judgment, policy-making experience, complementary areas of expertise, and sufficient time to devote to applicable Board of Directors and committee activities.

Identification and Evaluation of Director Candidates. The Nominating and Corporate Governance Committee identifies, screens and recommends a qualified slate of nominees to the Board of Directors for election each fiscal year based on the qualifications set forth above and the need to fill vacancies or

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expand the size of the Board of Directors. The Nominating and Corporate Governance Committee generally identifies director nominees through the personal, business and organizational contacts of existing directors and management. However, the Nominating and Corporate Governance Committee may use a variety of sources to identify director nominees, including third-party search firms and stockholder recommendations. Candidates recommended by our stockholders are generally evaluated in the same manner as candidates from other sources. However, the Nominating and Corporate Governance Committee will seek additional information concerning the relationship between the stockholder and the stockholder candidate to assess whether such nominee has the ability to represent the interests of a broad range of stockholders.

Stockholder Recommendations of Director Nominees. Any of our stockholders entitled to vote for the election of directors may recommend for nomination one or more persons for election to our Board of Directors. Pursuant to Section 7 of our Corporate Governance Guidelines, to be considered by the Nominating and Corporate Governance Committee, recommended stockholder nominees for election to the Board of Directors must be received not more than 150 calendar days nor less than 120 calendar days prior to the date our proxy statement was released to stockholders for our previous annual meeting. For information regarding the deadline for submission of stockholder nominees for director in connection with our 2009 Annual Meeting of Stockholders, please see the section entitled **STOCKHOLDER PROPOSALS AND STOCKHOLDER RECOMMENDED NOMINEES FOR 2009 ANNUAL MEETING** below.

Recommendations for nominees should be submitted to the Nominating and Corporate Governance Committee by following our method for stockholders to communicate with our Board of Directors which is published on our web site at www.acs-inc.com in the Investor Relations section under the Officers & Directors caption. Written recommendations should be submitted to ACS Board of Directors, Affiliated Computer Services, Inc., c/o ACS Ethics Office, 2828 N. Haskell, Bldg 1, 9th Floor, Dallas, Texas 75204 or by e-mail to director@acs-inc.com. Recommendations must include (i) the nominee's name, (ii) the nominee's resume or curriculum vitae, (iii) a summary demonstrating how the nominee meets the qualifications set forth in Section 8 of our Corporate Governance Guidelines, and (iv) the submitting stockholder's name, number of shares held and a description of any arrangement or understanding between such stockholder and the proposed nominee.

Special Transaction Committee

The Special Transaction Committee, which was formed in August 1997 and on which Mr. Deason serves, has the responsibility of considering, evaluating, and approving the terms of potential transactions resulting in the acquisition of assets, businesses, or stock of third parties for cash, our Class A common stock, or other consideration with a dollar value of up to \$100,000,000. The Special Transaction Committee has delegated to the Chief Executive Officer the authority to consider, evaluate, and approve the terms of potential transactions resulting in the acquisition of assets, businesses, or stock of third parties for cash or other consideration with a dollar value of up to \$50,000,000.

Fiscal Year 2008 Meetings

During the fiscal year ended June 30, 2008, there were fourteen (14) meetings or unanimous written consents of our full Board of Directors, including meetings in which certain members of management did not attend or recused themselves. During the fiscal year ended June 30, 2008, there were fourteen (14) meetings or unanimous written consents of the Audit Committee, twelve (12) meetings or unanimous written consents of the Compensation Committee, two (2) meetings held by the Nominating and Corporate Governance Committee and no (0) meetings held by the Special Transaction Committee. Each incumbent director attended at least 75% of the meetings of the Board of Directors and the Board of Directors committees of which they were members during their respective tenures.

Lead Independent Director

Mr. Varasano, as Lead Independent Director, presides over non-management director executive sessions. Mr. O Neill served as Lead Independent Director through November 21, 2007.

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Attendance at Annual Meeting

It is our policy that all nominees for election or re-election to our Board of Directors at an annual meeting attend the annual meeting. All of the nominees for election to the Board of Directors attended the 2007 Annual Meeting of Stockholders.

Stockholder and Interested Party Communications

Stockholders and other interested parties may communicate with any member of the Board of Directors, including in their capacities as members of committees of the Board of Directors, or in the alternative, with the non-management directors as a group, as indicated in the Investor Relations section under the Officers and Directors caption, by submitting an e-mail to director@acs-inc.com or by sending a written communication to: ACS Board of Directors, Affiliated Computer Services, Inc., c/o ACS Ethics Office, 2828 N. Haskell, Bldg 1, 9th Floor, Dallas, Texas 75204. Stockholders and other interested parties may also call toll free and leave a message for the Board of Directors, the presiding director or the non-management directors at (800) 443-1946.

Code of Conduct

We are dedicated to earning the trust of our clients and investors and our actions are guided by the principles of honesty, trustworthiness, integrity, dependability and respect. Our Board of Directors has adopted a Code of Ethical Business Conduct that applies to all employees and directors and a Code of Ethics for Senior Financial Officers that applies to designated financial and accounting officers, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. Both of these codes are posted on our web site at www.acs-inc.com in the Investor Relations section under the Governance Documents caption. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Ethics for Senior Financial Officers, if any, by posting such information on our web site at www.acs-inc.com in the Investor Relations section under the Governance Documents caption. Our Code of Ethical Business Conduct and our Code of Ethics for Senior Financial Officers are also available free of charge to any stockholder upon written request to 2828 North Haskell Avenue, Dallas, Texas 75204, Attention: Tas Panos, Corporate Secretary.

PROPOSAL 2:

APPROVAL OF SENIOR EXECUTIVE ANNUAL INCENTIVE PLAN

Pursuant to a recommendation of the Compensation Committee (the Committee) of the Board of Directors, the Board adopted the ACS Senior Executive Annual Incentive Plan (the Plan), a copy of which is attached as Appendix A, subject to stockholder approval.

The purposes of the Plan are to specifically motivate the Company's selected senior executive officers toward achievement of performance goals; to encourage teamwork; and to reward performance with cash bonuses that vary in relation to the achievement of the pre-established performance goals.

The Plan will be administered by the Committee, whose members qualify as outside directors as that term is defined under Section 162(m) of the Internal Revenue Code (Section 162(m)). Under the Plan, the Committee has the authority to select participants from employees holding the following titles: (i) Chairman of the Board of Directors; (ii) Chief Executive Officer; (iii) President; (iv) Executive Vice President; or (iii) any other employee. There currently are twelve executive officers who have been selected as participants. The Committee also has the authority to determine the financial and other performance criteria (Performance Goals), and other terms and conditions, applicable to each participant's bonus under the Plan (Award) which the participant may receive for services during the

Measurement Period (as defined below). The Measurement Period is one fiscal year, unless otherwise established by the Committee at the time the Performance Goals are established. With respect to each participant, the Committee will establish ranges of Performance Goals which correspond to various levels of Award amounts (Award Opportunities) for the Measurement Period. Once established, Performance Goals and Award Opportunities will be adjusted only to mitigate the unbudgeted impact of unusual or nonrecurring gains and losses, accounting changes, or other extraordinary events not foreseen at the time of the establishment of such Performance Goals and Award Opportunities.

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The Performance Goals may be based on any one or more of the following measures (or the relative or absolute change, improvement or growth in any such measure) as reported in the Company's publicly reported financial filings or as any such measure is to be adjusted as determined by the Committee at the time the Performance Goals are set for the Company or a business unit (either in total or on a per share basis): earnings, earnings before one or more of the following: depreciation, amortization, interest or taxes (EBIT, EBITA or EBITDA as defined by the Committee), return on equity, return on assets, return on invested capital, gross sales, net sales, cash flow, discounted cash flow, cumulative cash flow, adjusted cash flow (such as earnings, as described above, plus or minus, as applicable, one or more of the following: non-operating expenses (including intercompany interest), non-operating profit, equity compensation expense per SFAS 123(R), unusual items such as gain or loss on divestitures, capital expenditures, additions to intangible assets, changes in accounts receivable, unearned revenue and the cash flow of any acquisitions made during the Measurement Period), operating profits, pre-tax profits, post-tax profits, consolidated net income, economic value added, costs, financial ratings, regulatory compliance, achievement of balance sheet or income statement objectives, market share and total return to stockholders (including both the market value of the Company's stock and dividends thereon), and the extent to which strategic, financial and business goals are met. Awards will be based on the achievement of such Performance Goals. The Committee has the authority to review and certify the achievement of the Performance Goals; interpret the Plan; and establish, amend, or rescind guidelines, rules, and regulations for the Plan's administration. Negative discretion may be used by the Committee to reduce an Award.

Pursuant to the Plan, participants will be eligible to receive up to a certain percentage of their base salaries based upon the achievement of the Performance Goal financial criteria selected for the Company's results on a consolidated basis and the achievement of the Performance Goal financial criteria selected for the Company's business unit results.

Calculations of Performance Goals and Award Opportunities will exclude (i) extraordinary items, as reported in the Company's annual audited financial statements; and (ii) any unusual or infrequent gains, losses, income or expense reported by the Company in its public filings with respect to the Measurement Period including, without limitation: (a) expenses for severance, non-recurring retention bonuses or other charges related to the departure or the restructuring of compensation of any of the Company's top executive officers; (b) charges related to material internal Company investigations or regulatory inquiries, such as stock option investigations conducted by the Company and in response to the SEC inquiry, including related settlements and payments; (c) material benefits or charges related to the resolution of prior year events; (d) significant asset impairments; (e) large loss contracts; (f) unusual gains or losses due to the divestiture of a material portion of the Company's business that required Board of Directors' approval; (g) a proportionate amount of ordinary income and gains of a divested business unit, segment or subsidiary from base year amounts of financial metrics in which a growth goal is the performance target, equal to the portion of the year that the divested business was not included in the Measurement Period; (h) charges incurred due to actions taken by Board of Directors' decisions such as Company recapitalization and/or reorganization events; (i) the gain, loss, income or expense resulting from material changes in accounting principles that become effective during the Measurement Period to the extent not included in the operating budget for the Measurement Period; and (j) gains or losses from all or certain claims and/or litigation and all or certain insurance recoveries related to claims and/or litigation.

The total of all Awards payable to all participants for any Measurement Period will not under any circumstances exceed five percent of the net income of the Company (as defined in the Plan, the Maximum Bonus Awards Pool), for such period. The maximum Award for any participant may not exceed 250% of the participant's base salary at the end of the Measurement Period. No participant can receive an Award for any Measurement Period greater than \$5,000,000. In the event that the total of all Awards payable to participants should exceed the Maximum Bonus Awards Pool, the Award of each participant will be proportionately reduced such that the total of all such Awards paid is equal to the Maximum Bonus Awards Pool.

In general, participants must remain employed by the Company through the payment date to be eligible to receive an Award payment. However, if a participant dies, becomes permanently disabled or inactive during the Measurement

Period, that participant's Award will be calculated based on the actual full-year performance results but pro-rated for the number of full calendar months he or she was an active employee during the Measurement Period.

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The Plan, if approved by stockholders, will be effective retroactive to July 1, 2008, and will terminate on June 30, 2013, unless earlier terminated. The Board and the Committee may generally amend or terminate the Plan at any time, although no amendment or termination may impair the rights of a participant under an outstanding award without that participant's consent. No amendment may be made without stockholder approval to the extent necessary to comply with Section 162(m).

The Awards payable under the Plan for services to be rendered in fiscal year 2009 are not determinable. Assuming that the Plan had been in effect in fiscal year 2008 and that the payments earned under the fiscal year 2008 performance-based incentive compensation plan (the "FY08 Plan") would have been the same as those earned under the Plan, the Awards that would have been paid to the persons listed in the Summary Compensation Table and all current executive officers as a group for fiscal year 2008 are set forth below.

Name and Position	Fiscal Year 2008 Bonus
Darwin Deason Chairman of the Board	\$ 1,117,656
Lynn Blodgett President and Chief Executive Officer	\$ 725,627
Tom Burlin Executive Vice President and Chief Operating Officer	\$ 362,813