

Major Xerox investor sues to block takeover by Fujifilm

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One of Xerox's biggest shareholders filed suit to challenge the US photocopier and printer maker's planned takeover by Japanese

technology firm Fujifilm.

Darwin Deason who along with Carl Icahn controls 15.2 percent of Xerox shares, filed suit against Xerox and Fujifilm on Tuesday, alleging fraud.

Xerox said the allegations are "without merit" and that it will "vigorously defend itself."

Under the planned deal, Xerox would be absorbed by an existing joint venture known as Fuji Xerox, falling under the control of Fujifilm, which until now held a 75 percent stake in the joint venture.

After the transaction is completed, Fujifilm would hold 50.1 percent of Fuji Xerox, compared with 49.9 percent for current Xerox shareholders, who also would receive a special cash dividend of \$2.5 billion.

The Xerox board pushed for this deal even though, Deason said, it is not in the interest of the company or its shareholders.

The 77-year-old billionaire also said Xerox made a secret deal in 2001, allowing Fujifilm to exit the Fuji Xerox joint venture if Xerox were taken over by any investor other than the Japanese firm.

Deason argues this clause prevented the Xerox board from seeking another buyer and this in turn harmed the company's shareholders.

Xerox said the suit was groundless.

"After having considered all strategic alternatives available to the company, Xerox's Board of Directors remains steadfast in its belief that the combination with Fuji Xerox is the best path to create value for the company and its shareholders," the company said in a statement.

"It is unfortunate that Mr. Deason is seeking to interfere with Xerox shareholders' right to decide and is relying on meritless legal claims. Xerox has fully disclosed the joint venture agreements, and the company will respond to Mr. Deason's legal claims through the appropriate legal channels in due course."

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