



THE MARKET

The document industry is transitioning to digital systems, to color, and to an increased reliance on electronic documents. Increasingly, businesses are creating and storing documents digitally and using the Internet to exchange electronic documents. Xerox believes these trends play to the strengths of the Xerox product and service offerings and represent opportunities for future growth in the \$132 billion market that Xerox serves.

ACHIEVEMENTS

Xerox has garnered attention for its leadership, not only for its business practices, but for its work in diversity, corporate citizenship, and sustainability. In 2008, the company received some 230 awards from industry groups and media around the world. In 2007, Xerox was awarded the United States National Medal of Technology, one of the highest distinctions a technology company can receive.

Among some of the recognitions the company received in 2008, Xerox ranked fourth in *Fortune's* Most Admired Companies in the computer industry. Also, Anne Mulcahy, Xerox chairman and chief executive officer, and Ursula Burns, Xerox president, are ranked fourth and tenth, respectively, on the magazine's Most Powerful Women list. The two are also on *Forbes'* 100 Most Powerful Women list. Xerox is on *Black Enterprise* magazine's list of the 40 Best Companies for Diversity.

In 2008, Xerox was positioned in the Leaders' Quadrant in industry analyst firm Gartner's Magic Quadrant for Managed Print Services and for multifunction printers. The company is listed on the Dow Jones and KLD Sustainability Indices. Xerox is the first technology company to be named a Performance Track Corporate Leader by the U.S. Environmental Protection Agency. The company also earned a perfect score from the Human Rights Campaign on its 2009 Corporate Equality Index.

HISTORY

Xerox was founded in 1906 as the Haloid Company. The Haloid Company — which later became Haloid Xerox, then Xerox — manufactured and sold photographic paper.

After World War II, the company's young president, Joseph C. Wilson, focused his company's energy on a newly acquired technology: xerography. Haloid invested all its resources to improve the crude, dirty, time-consuming xerographic process. In 1959, the years of investment paid off with the unveiling of the first office copier, which cleanly and efficiently produced copies with just

the touch of a button. This initial success funded more research to both refine xerography and invent new technologies, some of which continue to define today's digital world:

- The Ethernet
- Prototype of the personal computer interfacing with a computer mouse
- Icon and window-based computing
- Laser printing
- The fax machine
- Print-on-Demand technology

THE PRODUCT

Xerox is a \$17.6 billion technology and services enterprise and a leader in the global document market. Xerox develops, manufactures, markets, services, and finances a complete range of document equipment, software, solutions, and services.

Xerox provides the document industry's broadest portfolio of document systems and services for businesses of any size. Digital systems include high-end printing and publishing systems; digital presses; advanced and basic multifunctional devices (MFDs) that can print, copy, scan, and fax;



and laser and solid-ink printers and fax machines. Xerox provides software and workflow solutions with which businesses can easily and affordably print books, create personalized documents for their customers, and scan and route digital information. Xerox's services expertise is unmatched and includes helping businesses develop online document archives, analyzing how employees can most efficiently share documents and knowledge in the office, operating in-house print shops or mailrooms, and building Web-based processes for personalizing direct mail, invoices, brochures, and more. Xerox also offers software, support, and supplies, such as toner, paper, and ink.

RECENT DEVELOPMENTS

To further strengthen distribution capacity, Xerox completed several acquisitions in 2008.

Xerox acquired Veenman B.V., expanding its reach into the small and mid-size business market in the Netherlands.

Global Imaging Systems Inc. (GIS) acquired Saxon Business Systems, an office equipment supplier with offices throughout Florida, and three

GREEN FOCUS

Xerox believes that sustainability is not just a nice thing to do. It's about valuing Xerox employees and communities, preserving the environment, and returning value to Xerox shareholders . . . now and for the future.

For 40 years, a focus on green innovation has enabled Xerox to introduce the first office equipment with automatic power-down mode and two-sided copying. Xerox helped create the EPA's ENERGY STAR program and has since launched over 500 products meeting that program's increasingly stringent standards. Xerox's solid-ink technology reduces waste by 90 percent compared to color laser printing, and its breakthrough High-Yield Business paper uses half the trees of conventional office paper.

Looking to the future, Xerox is aligning efforts around four commitment areas where Xerox will innovate and partner to build a more sustainable business:

- **Climate protection and energy reduction.** Xerox invests in technologies that reduce the carbon footprint of its operations and the document-management solutions it offers to its customers. Xerox is on track to achieve a 25 percent reduction in company-wide carbon emissions from 2002 to 2012. Xerox's Sustainability Calculator — an industry first — helps its customers measure and reduce the environmental footprint of their office.

- **Preserving biodiversity and the world's forests.** Xerox works with its customers, suppliers, and other stakeholders to support the development of a sustainable paper cycle through paper-sourcing guidelines, environmentally sound paper offerings, and products and services that decrease offices' dependency on paper. Xerox's three-year, \$1 million partnership with the Nature Conservancy is strengthening and advancing practices used to conserve the world's forests.

- **Preserving clean air and water.** Xerox strives to eliminate the use of toxic materials throughout the supply chain. Xerox has reduced emissions of regulated pollutants by 94 percent since 1991 and is working to improve working conditions and reduce environmental impacts in the electronics supply chain through its membership in the Electronics Industry Citizenship Coalition.

- **Preventing and managing waste.** Xerox's goal is to produce waste-free products in waste-free facilities that promote waste-free customer workplaces. Xerox diverts over 100 million pounds of waste from landfills annually with its recycling and remanufacturing programs. Since 1991, Xerox has diverted over 2 billion pounds of waste. To Xerox, sustainable development is a race with no finish line.

smaller acquisitions: Better Quality Business Systems, Precision Copier Service Inc. DBA Sierra Office Solutions, and Inland Business Systems of Chico. Xerox acquired GIS, a provider of office technology for small and mid-size business in the United States, in 2007.

PROMOTION

Experiential marketing is a key component of Xerox's brand strategy, including a global initiative that connects clients and prospects to the Xerox brand in personally relevant and compelling ways

winning color

Xerox announces color prints for the same price as black and white. Now with the Phaser 8860, making the move to color really is a no-brainer. Checkmate. **Xerox Color. It makes business sense.**

Black and white prints used to have one big advantage over color. Cost. But now, Xerox levels the playing field with the Phaser 8860 network color printer. It prints color for the exact same price you've always paid to print in black and white. Print speed is exactly the same as black and white, too: 30 ppm. The solid ink Phaser 8860 is surprising in other ways, too: it saves up to 50% on color consumables over 3 years* and creates 90% less waste than typical color laser printers. So don't shy away from color, embrace it. After all, it's a move any budget can easily accommodate. Brilliant.

xerox.com/checkmate 1-800-ASK-XEROX

while demonstrating strong corporate citizenship. Among Xerox's major sponsorship platforms are long-standing, multiyear relationships with the University of Notre Dame, the FBR Phoenix Open, and the Xerox Rochester International Jazz Festival, as well as Ducati racing in Europe and a co-marketing relationship with NBC Universal.

Xerox has also been a major sponsor of the University of Notre Dame athletics program, aligning the brand with highly ethical, winning teams across multiple sports. As part of this program, Xerox also works with the university on minority scholarship programs and work experiences for women engineers.

As a major sponsor of the FBR Phoenix Open, Xerox has assisted the organizers of this event, a charitable group called the Thunderbirds, in raising more than \$33.6 million for hundreds of charities since 2003.

Xerox's newest title sponsorship, the Xerox Rochester International Jazz Festival, also has a strong community relations component, including charitable contributions for scholarship programs at the University of Rochester's acclaimed Eastman School of Music.

In all these endeavors and related customer events, Xerox seeks to leverage experiential marketing as a competitive differentiator for the brand and the business.

BRAND VALUES

Savvy. Xerox believes its deep understanding and pragmatic approach toward its customers uncovers the insights that competitors don't see.

Enterprising. Xerox believes its proactive, hard-working, and action-oriented attitude allows it to experiment and take intelligent risks.

Straightforward. Xerox believes its truthful and transparent nature enables others to work easily with the company.

Dependable. Xerox believes its dedication and accountability for its actions build relationships in which its clients can trust.

Open. Xerox is flexible and receptive, demonstrating that Xerox is trustworthy and willing to listen to its customers.

Vibrant. Xerox is colorful and energetic, which builds an emotional relationship with its customers and helps them to sense Xerox's passion for business.



Connected. Xerox is aware and focused on relationships, demonstrating its relevance to its customers' businesses for today and tomorrow.

Human. Xerox is real and personal, showing others that Xerox is approachable as individuals and as an organization.

THINGS YOU DIDN'T KNOW ABOUT XEROX

- Because Xerox has been in business for more than half a century, many people think of the company as a copier company when, in fact, the company specializes in document management. From desktop printers and multi-function office systems to high-speed color presses, outsourcing, and digital imaging, Xerox provides the industry's broadest portfolio of document services and systems for businesses of any size.
- Almost without exception, Xerox's services business and office document solutions are routinely helping customers take 25 percent or more of the cost out of managing information, content, and documents. Xerox's services business generated \$3.5 billion in annuity revenue in 2008.