“A New Way to Work”
Xerox Office Business Event
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Remarks by:

Anne Mulcahy
Xerox Chairman and CEO

and

Jim Miller
President, Xerox Office Group
ANNE MULCAHY:

Good morning.

Today marks the start of a new way to work for all of us. And you are at the center of it.

To everyone here in New York City … we welcome you!

To everyone watching on the web and at satellite locations across the country … thank you for joining us virtually.

We’re here to explore radical changes in today’s work world … to make some news … and make some noise about transforming the way we work – for the better.

We’ll tell you what Xerox is bringing to the table – and why.

You’ll also hear from two of the world’s foremost leaders in work transformation – best-selling author and business guru Michael Hammer and high-tech futurist Esther Dyson.

They’ll be joined by other experts … our customers … who will share what’s happening where they work – and how they’re dealing with it.
Then you’ll see new innovations, technologies and services that bring new value and new power to businesses everywhere.

It’s a whole new way to work …

And a whole new way to grow.

In fact, growth is a good place to start. Because it’s critical to our economy, to our industry, and to all of our companies.

I can tell you first-hand … business as usual won’t make it happen.

Not when the market cap of the Fortune 500 is down 26% - the worst decline since researchers started tracking it 17 years ago.

Despite a $65 billion dollar investment in technology …

Despite cost cuts … rate cuts … tax cuts … and every other kind of cut you can think of, businesses today are still faced with one question:

Where’s the growth?
I won’t pretend to have the answer … but I believe it boils down to re-thinking the way work gets done.

That means taking a hard look at how people, process and technology work together.

As I’ve confronted the problems facing Xerox over the past two years I’ve seen the need to improve performance or be overtaken by a wave of change.

It’s not a just a matter of having the right hardware and software. It’s about changing work processes -- making them faster, more efficient, and more focused on the customer.

Imagine being able to look at your business and, at a glance, spot the linkages between people, process and technology.

What would you see?

Business processes aligned with the way people actually work?

Tools that enable everyone to work smarter?

Motivated people collaborating more effectively?
This is business nirvana. It requires simplification, focus and discipline to achieve.

And there are many obstacles along the way. There’s no question that information overload is one of them.

- More data has been produced in the last three decades than in the preceding 5,000 years.
- A single weekday edition of The New York Times contains more data than a typical worker of centuries past would have encountered in a lifetime.
- A new web page goes up every 15 seconds.
- 610 billion e-mails are sent each year.

Despite all the data, 60 to 80% of workers say they can’t find the information they need to make good decisions.

That’s a serious problem.

To help solve it, Microsoft, Xerox, Cisco, Intel and others just announced a joint Information Worker Productivity Center at MIT to find new ways to boost productivity in the workplace.

This issue is at the heart of Xerox’s vision and strategy.
If office workers are drowning in data, they’re also overwhelmed with digital and paper documents.

More than 7.5 billion new documents are created in the office – resulting in more than 1 trillion pages each year.

One in five workers spends at least 60% of their workday dealing with documents – the equivalent of 29 weeks a year!

And remember those 610 billion e-mails? Half of them are still printed. So much for the paperless office!

Documents are a hidden and often misunderstood aspect of business cost, productivity and IT infrastructure.

Information technology has created a world where a storm of documents paralyze business processes and hamper productivity.

Most companies can cite manufacturing, sales, and headcount costs to the penny.

But how many know what their total document spend is?

Would you be shocked to know that the typical organization spends between five and 15% of their annual revenues on documents?
I was.

Even Xerox didn’t know how much we were spending, until we hired ourselves to do an Office Document Assessment at our corporate headquarters. We mapped all kinds of documents – in virtually every department – and used Six Sigma tools to streamline the process.

We saved over $1 million dollars.

We’ve conducted similar assessments for customers like Lloyds, Dillards, and more than 200 others. Savings can range up to 40%.

It’s important to get the message out. And our latest TV commercial does just that.

We’ve been expanding people-based services like office document assessments to help customers cut costs and jump-start productivity in the office.

But we’re not stopping there.

We’re going beyond office document assessments -- deep into content and imaging services, scanning and digital repositories, customer communications and product
lifecycles – all designed to develop new and better work ways.

We’re helping Microsoft’s IT department manage imaging and output devices -- and reduce costs and help desk calls in the process.

We’re helping Siemens cut time and costs on user manuals with document management software.

We’re helping the European Patent Office scan and build the world’s largest digital database of patent information in the world …

Those are just a few examples. Our growing Global Services organization has 6000 clients in 60 countries.

As we analyze work practices and document processes, we draw from a strong understanding of how people and technology work together.

And there’s no place for cookie cutter solutions.

That principle applies as much to technology as it does to services. So we’re taking it one step further.
Today, for the first time, we're unveiling a whole new approach that will make Xerox more affordable and more relevant to more office customers than ever before.

The office represents a $7.5 billion Xerox business and a $52 to 56 billion market opportunity.

This is our heartland.

The trends are clear. The market is moving …

- From standalone machines to connected systems …
- From copying and printing to multifunction …
- From black-and-white to color.
- From a focus on office technology to a focus on office efficiency.

Different customers are at different points in this transition. But no matter where you are, Xerox will be there.

We’re bringing new power to the market with a totally new suite of products, solutions and services that is the broadest and most competitive in the marketplace.

Bar none.
Until today, we served about half of the market with higher priced, fully featured multifunction systems and services aimed at big businesses.

Now we’re dramatically expanding our line to address the other half of the market - offering new choices, new value and new alternatives to businesses of every size.

To do that, we had to re-think the way Xerox works.

We had to re-think how we develop, design, manufacture, and distribute everything involved in our office business.

We emerged with stronger, more efficient and cost-effective ways to serve our customers and drive mutual growth.

In the past, when Xerox lost to competition, we usually lost on price – not on capability. Now we’re positioned to win on both.

We’re bringing new options to the market. Nine new products… One thousand professional work consultants who specialize in document intensive business processes... An unsurpassed office technology portfolio that reflects a more than $1.9 billion office R&D investment over the past 5 years.
Entry-level digital copiers and copier/printers -- fully upgradeable …

The most advanced multifunction systems in the world …

Network printers -- color and monochrome …

Partner solutions, software and services.

Competitors offer some of it. Only Xerox offers all of it.

And we’re selling it the way customers want to buy. Direct and indirect. On the web and on the phone.

Our message is clear: Xerox will lead the way to better work in offices everywhere.

We will lead with digital office copiers and multifunction systems.

We will lead with color – from the printshop to the desktop.

We will lead with business innovation and document services.

We will offer new value and new power … fueling a new age of growth and a new way to work – not only for us – but for you.
I want to thank our customers for sharing their stories and experiences. EDS, Tyler School District and Riker Danzig three very different organizations all finding different ways to work smarter. And thanks to you, Michael and Esther for sharing your insights and expertise. I know I’ve learned a lot.

Next you’ll hear what Jim Miller, the head of our Office Group has been learning about how Xerox can work smarter – and what we’re doing about it.

JIM MILLER:

Good morning.

It’s a big day for Xerox in the office.

As Anne said, our vision is to help customers do great work in offices everywhere -- in companies of all sizes.

That means helping our customers focus on what they do best...
Freeing them to concentrate on their core competence and build value for their enterprise.

Helping them do better work…and removing barriers to information flow -- whether paper or electronic.

Our goal in work transformation is to make teamwork and collaboration as easy and natural as leaning over the cubicle wall -- whenever and wherever there’s work to be done.

In a few minutes, we are going to show you some great new products, solutions and services.

But, first I want to tell you why we are announcing these new offerings.

We have done a major re-assessment of how we identify and respond to what a customer needs in the office.

We discovered ways to address those needs better than we have in the past.

We also discovered some underlying issues.

Quite simply…we learned that our Advanced Multifunction technology appealed strongly to one segment of the
market, but was too complex and too expensive for a large number of our customers.

No one wants to pay for things they don't need… no matter how advanced they are.

We can’t sell our technology the way we want to package it.

We need to respond to the way customers want to use it.

So we’re taking action...

We’re packaging our technology in new ways to meet customer needs at better price points.

We’re opening new sales channels to participate in more buying decisions...

And we’re making it easier for the customer to understand what we offer.

It starts with single-function devices that address basic customer needs — printers, copiers, fax machines.

Three years ago, we acquired the Phaser color printing business.
During that time, we've earned more than 150 awards for the quality of our printers.

Today we have a strong market position second only to HP…

And we have something they don't - solid ink…the most advanced office color printing technology available. We believe it will revolutionize office color.

Xerox today is more than a printing company … and more than a copier company.

But if all you need is a printer, copier or a fax – Xerox will be there.

With the great digital technology you expect– at a price you can afford.

For many customers, faxing is still a critical part of their daily work…and the Xerox FaxCentre gives them powerful business-class fax capabilities.

For many customers, copying is the essential feature. With the introduction of our new family of CopyCentre digital copiers, we're re-claiming our leadership in the industry we invented.
CopyCentres provide the high-quality digital copying you expect, and now add new color-enabled models…all at extremely competitive prices.

In 1995, here in New York, Xerox debuted the first office multifunction systems that print, copy, fax and scan.

Better than anybody...we know customers should be able to choose the features they want.

When you think about it, there are two fundamental document tasks in every office…Copying and Printing.

It's how people get work done every day.

Fundamental, but vital.

Vital, but not complex.

It needs to work reliably and fit within your budget.

Introducing the WorkCentre line of copier-printers.

The quality you expect. At a surprisingly affordable cost.

No premium pricing.

Upgrade whenever you're ready.
For those who need more, we're building on our leadership in Advanced Multifunction systems...with the WorkCentre Pro family.

Uniquely capable products -- only from Xerox. These are "pro" series in every sense of the word.

Not just products, but platforms for enterprise workflow solutions.

Designed from the ground-up.

With an unrivaled Systems Architecture that sets them apart from the competition. WorkCentre Pro is a completely open platform supported by a large and growing array of Business Partners.

The Phaser, FaxCentre, CopyCentre, WorkCentre and WorkCentre Pro lines represent the core of our new strategy:

- Provide just what you need, and make it clear just what you get.

- And color is a key component in each of these categories.
Today, we’re unveiling our latest color copying and multifunction systems – delivering the added power of color, when and where you need it...at less than 9 cents a page.

And here’s the really great news...no premium for black and white!

A real breakthrough. And we invite comparison.

Here’s another breakthrough ... an expanded set of Office Services like Office Document Assessments and other offerings that extend beyond hardware.

They solve real customer problems and add value to the bottom line.

Our services portfolio is made even more powerful through strategic alliances with industry leaders who offer complementary IT and office services.

As we expand our partnerships, we’re also expanding our channels of distribution -- making it easier to access Xerox products and services, no matter how you do your purchasing.
All supported by an aggressive office marketing campaign that covers the entire range.

- It looks different, because it is different.
- It truly is a new age.
- New choices.
- New pricing.
- New design.
- New services.
- New partnerships.
- New ways to buy.

It's a new way to work...just for you.

And it's all here. Let's take a look.

**MIKE HARVEY:**

Thanks Jim.

I'm Mike Harvey, I look after the business partner program at Xerox Our partners played a big part in helping us get here today – and they're psyched.
This is where it all comes together. Advanced multifunction systems. Advanced software. Office Document Assessments. Workflow Solutions. High quality supplies and unmatched after sale support. It’s an area where we’ve always been strong. And now we’re getting even stronger.

One example is our Strategic Alliance with EDS. We’ve integrated EDS' desktop management services with Xerox's office services and products to offer end-to-end Managed Output Services. Together, we can provide new power to our customers.

Another way we’re providing new power is through our expanded line of WorkCentre Pro systems -- running from 32 to 90 pages a minute. WorkCentre Pro is the undisputed network printing productivity leader.

To prove it, we brought in three competitors for a productivity showdown…and you can catch it here at the Face-Off arena.

You’ll see how an advanced controller and open architecture can turn these systems into high-speed document hubs on the network.
Concurrent print, copy, scan, fax, and e-mail capabilities in one powerful system. No compromises. From your desktop…to your co-workers or digital repositories and databases. Not just multifunction…true multitasking.

Gartner, a leading IT advisory firm, compared it all in a recent independent evaluation of 11 office competitors. Xerox appeared in the leaders quadrant based on MFP technology, market performance, frequency of product refresh, global operations, solutions and services.

And that was two weeks before today’s announcement!

We heard it from the customers who spoke earlier -- it’s all about working smarter. That’s why Bank of America recently invested in a $50 million contract for 6,300 Xerox multifunction systems and managed services. It’s systems and services – working together. They see the payoff and you will too.

And there’s even more to see across the hall. So I’ll turn it over to Nancy Morris.

**NANCY MORRIS:**

Thanks Mike.
I’m Nancy Morris. I head up monochrome marketing in the Office Group. I’ve been at Xerox a long time (I won’t tell how long) and I can honestly say I have never seen a more powerful office strategy, a more powerful product line, or more affordable pricing than I see today.

And we’re really excited to share it with you.

What you’ll see here may surprise you. Single function and basic multifunction devices – the kind many businesses want and need -- starting at just $899.

CopyCentre digital copiers. WorkCentre copier printers. FaxCentres. Phaser printers. And DocuColor models. We’re demonstrating them live.

You’ll see our new CopyCentre line, which includes two new digital color copiers at 32 and 40 pages per minute – pumping out color for pennies a page. All fully upgradeable.

Headlining the WorkCentre family are five new models from 16 to 55 pages per minute. Simple to install and use…intuitively designed. They start as basic copier/printers and grow along with your business.
Of course, we think these new products are great. But more importantly, others think so too.

Last week the CopyCentre, WorkCentre and WorkCentrePro 35 and 45 models received “Editor’s Choice” awards from Better Buys for Business (hold up certificates) – a leading independent publication that evaluates office equipment.

That kind of quality extends to our desktop FaxCentre line as well. These fax machines set the standard for walk-up business-class performance. Most models can also print, copy and scan.

By the way, Jim and Anne talked about selling in new ways. Both the WorkCentre M15 and the FaxCentre F12 will be the first Xerox products of their kind available through distributors and resellers.

Our Phaser line is popular with resellers and customers alike, combining affordability with world-class color quality. It’s been put to the test in virtually every major lab in the world. And it consistently comes out on top.

But you’ll see more than copiers, printers, and multifunction machines here, too. Like our web-based Office Productivity
Advisor. Using this total-cost-of-ownership analysis tool, a
Xerox rep can quickly help you understand how much you
are really spending on your office documents.

And help you build real cost saving solutions.

So here’s the bottom line. If you’re looking for Xerox
quality and innovation, you don’t have to pay extra to get it.

It’s a new kind of innovation that makes working smarter
more affordable for everybody.

Now to tell you about some other Xerox innovations, here’s
Sophie VandeBroek.

**SOPHIE VANDEBROEK:**

Thanks Nancy…and good morning. I’m Sophie
Vandebroek, Chief Engineer for Xerox. I’ve spent my
entire career in research and development and it’s exciting
to see all the innovation around us here today. So far
you’ve seen world-class products with a significant amount
of Xerox state-of-the-art technologies embedded inside
about which I could talk for hours.
However, right now I want to show you some other groundbreaking technologies that are moving from our research labs to our customers. Follow me.

Wireless devices such as cell phones and PDAs are ubiquitous. Everyone has one. I would not know what to do without mine. Xerox has software, called mobileDoc or mDoc that turns this device into a remote control for documents. With it you can securely access and view documents located anywhere around the world. You can also print them on any printer, no matter the location, no matter the color, and no matter the standard in which the document is formatted. Amazing!

Security is a big issue especially for valuable documents such as certificates, checks, and credit cards…. In our labs we have developed innovative ways to help our customers outsmart counterfeiters. What we do is use xerography to embed security marks directly into the document. We call these GlossMarks. Images appear and disappear, depending on the angle at which the document is held and they completely vanish when the document is copied. That’s when you know the document is counterfeited. Very impressive!
In order to make it easier for our customers to own Xerox products, we’re embedding intelligence right into the office products. Device-centric services will allow products to spot and correct their own maintenance problems, order their own supplies, and read their own meters for billing purposes. All this without human intervention, and based on open industry standards. This is significant, it’s coming soon and it will definitely simplify both our customer’s and Xerox’s work processes.

Xerox technologies are making life easier. For you, for me, for everybody. We have recently launched a new application, the Xerox Copier Assistant. It allows visually impaired people to operate the Xerox products as easily as someone with perfect vision. Check it out. The Xerox Copier Assistant will receive the Information Technology Association of America award next week in Washington.

Industrial design and advanced ergonomics are a Xerox trademark. Take for example our “big green copy button”, everyone knows it. With the new line of office products, we’re taking it a step further. They are more inviting and simpler to use. They clearly tell you what they do. They even offer a place to put your coffee or other materials.
This user-friendly Xerox design qualified as a finalist for the prestigious American Business Awards being presented tonight here in New York City.

Moving on, our designers are already thinking well into the next decade. Take a look at the Xerox version of a future “Concept Car” (ala those concepts you might see in automotive shows). We call this concept an “Oasis for Work”.

This Oasis is inviting, it welcomes the user and provides services and functionality not found elsewhere. It recognizes you and quickly understands your needs using its multiple biometric sensors. It’s a collaborative space that gathers and summarizes global information into documents. These can be distributed world-wide to any of your customer or supplier sites. The info can also be displayed here, or on any of your remote devices. It can be printed or wirelessly transmitted to flexible electric paper. It allows you to be fast and efficient in an easy, simple and low-cost way. What a dream!

To delight customers, you have to think differently, and you must look at things in a New Way. In addition, you must envision opportunities no-one else sees. And that’s exactly
what we’re doing here today, and what 5000 Xerox engineers and scientists do everyday in our research and development centers across the globe.

Back to you Jim and Anne…

**JIM MILLER:**

You have seen and heard the news from Xerox today… a powerful idea that you can build your business around….

**ANNE MULCAHY:**

It's about building value for our customers...with technology and services ... focused on what they need, when they need it…

**JIM MILLER:**

World-class offerings supported by world-class people.

**ANNE MULCAHY:**

It’s a New World … It’s a New Xerox …

And it’s all right here, right now.

Ladies and gentlemen: A New Way To Work – For You.

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