Remarks By:

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at the
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Good afternoon and thanks for joining us. It’s hard to believe that this is my THIRD drupa. So much has happened in our industry and in our company in these past eight years. Before I talk about how we’re moving ahead, let’s take a quick look back…. (Historical look back at drupa video ran during presentation)

Eight years can certainly fly by. Looking at that video reminded me of stepping into the Messe for drupa 2000 just days after being named president of Xerox. Center stage at drupa opened my eyes to the tremendous opportunity in front of us. We were literally on the cusp of a digital revolution – with Xerox leading the way.

You’ll remember that the show that year was coined “digital drupa” and it was here that we unveiled the groundbreaking technology behind the Xerox iGen3. Now, eight years later, the iGen3 is the industry’s most widely accepted digital production color press, with the highest
image offset quality and greatest productivity features. And, here’s the first of several hints of what’s to come:

With iGen, the next generation is just like what we’re seeing in society today – image conscious, connected, empowered and very hip. More on that in a moment.

So back to 2000. That’s when we also launched our digital strategy, the New Business of Printing. Back then we talked about CREATING the New Business of Printing.

No doubt, this goal was achieved. Just look around drupa and you’ll see the New Business of Printing alive not only in our robust stand but in those of our partners like Adobe, Hunkler, EFI, CP Bourg and many others who also caught on to the opportunity. It’s eight years later….and now The New Business of Printing is much more than rhetoric; it has redefined an industry.

I like to take every opportunity to sing the praises of Xerox people. So bear with me while I tell you that they – the people of Xerox Corporation – created the New Business
of Printing, establishing digital printing as a major force and
continuing to lead it.

Just think about the technology that Xerox has brought
to market, dating back to the DocuTech we launched in 1990
through to the Xerox Nuvera, DocuColor, iGen and new
continuous feed systems today. These innovations made a
market known as digital production printing. In creating the
market and supporting it with the industry’s best technology
and tools, we’ve helped print providers become more
profitable and productive. It’s pretty heavy stuff and we’re
exceptionally proud of our heritage and our leadership in this
business.

We enjoy nothing more than watching our customers
succeed. Our technology is focused on helping printers sell
personalized applications – like books, transpromo,
collaterals, catalogs and more.

And partnerships are part of that story too. Take for
example, our Premier Partners program – a global network
of leading print providers – dedicated to developing new business opportunities with digital technologies.

We actually launched the program at drupa 2000. And just this month we added our 7-hundredth Premier Partner. Members now can be found in 48 countries on six continents.

Back to my drupa memories. In 2004, I was on stage at what was dubbed “workflow drupa.” That was when I announced our industry-leading FreeFlow Digital Workflow Collection. Since then, we have enabled our customers to become more profitable by connecting with their clients, reducing costs, streamlining operations and enabling new applications by automating the backbone of their business – their workflows.

So, we have a history of using drupa as the venue to announce major industry-firsts. It’s drupa 2008. Here I am again. And, yes, we’re making news. Another hint: For us, good things come in fours, like drupa, the Olympics and the World Cup.
Hope I’m starting to get your interest. Because I’m just the opening act. I’ll be turning it over to Quincy Allen and Steve Hoover to really hit it home.

So here’s the bottom line. Xerox created the digital printing revolution at drupa 2000. We solidified our leadership at drupa 2004. And we’re expanding our leadership at drupa 2008.

They say that imitation is the sincerest form of flattery. Well, we feel very flattered. But don’t mistake imitation for parity. We have a commanding lead and we’re making the investments to expand it.

We have a proven track record of meeting the business needs of the industry RIGHT NOW with the right technology, right workflow and right business model. That’s our promise today. As important, we’re racing ahead with cutting edge technology that again speaks to Xerox’s market and innovation leadership. Others may choose to follow our lead but I can assure you, they won’t be able to catch up.
Last year, more than 40 billion pages were printed on Xerox color systems. That’s an increase of more than 30 percent over 2006 and way ahead of our competitors.

In fact, according to estimates by InfoTrends, a leading independent research firm, Xerox's DocuColor and iGen3 presses accounted for approximately half of the total worldwide color pages printed by high-speed digital systems. This is more than twice as much as our nearest competitor.

Think about that. In our business, the power is in the pages.

According to Pira International, the market for digital production printing is sized at about 54 billion Euros. We’re uniquely advantaged to go after it with applications like print on demand, short book runs, and customized documents.

In The New Business of Printing, our iGen3 continues to be the star performer. We’ve now installed more than 2,000 iGens around the world. Over 100 of our customers
print one million or more pages a month on a single machine. Perhaps the best testimony to this success is that 279 of our customers – many of whom run commercial print shops – have purchased at least two iGens. Why? Because they’ve seen their businesses soar by offering more digital printing capabilities.

We’re also seeing accelerated demand for the high end of our DocuColor® series and the recently launched Xerox Nuvera® systems.

And, we’re going after the continuous feed market with new technology that redefines the industry standards of speed and quality and gives us a competitive advantage.

In the spirit of “partner or perish,” we’ve teamed up with photo imaging companies like Fujifilm, myPhotoFun and DigiLabs to use Xerox technology for printing photo applications.

As Xerox leads advancements in quality for digital printing, the lines are blurring between the traditional photo
imaging business and document processing. InfoTrends predicts the specialty photo printing market – that’s calendars, greeting cards and photo books – will grow at a rate of 24.5 percent per year through 2010, reaching approximately 515 million Euros. Xerox is well on its way to capturing a good share of this growth. In fact, if you order a photo calendar from a retailer that works with Fujifilm, the calendar will be printed on a Xerox press using Xerox paper.

Now, it’s no secret that I spend a lot of time with customers. Most of that time is spent listening - - really listening. And when you do that, you learn some pretty interesting stuff:

The first thing you learn is that people are drowning in information. There’s lots of research to document why. IDC, for example, reports that 161 exabytes of digital information were created last year. I don’t know about you but I feel like half of that ends up in my email every day. 161 exabytes is
roughly **three million times** the size of all the books ever written.

For the first time ever – more information is created than we have the ability to store. Think about this: the number of text messages sent and received every day exceeds the population of the planet. There’s a tidbit to text to your friends back home.

Another trend you pick up from customers is that the Web has created an expectation that everything is immediate. Personally, I start getting antsy if emails I send aren’t responded to within the hour. And certainly we expect that the answers to the world’s toughest questions can always be found on Google.

A third trend is personalization. Here’s one mind-bending fact to ponder. In the 30 minutes or so that I’m standing up here, about 3,000 new blogs are being created on the Web. Personalization is everywhere – personal music, video logs, one-to-one marketing, personal news
delivered to you daily. In a world where we’re overloaded with information, cutting through the clutter is the holy grail of marketing. The way there: making your message relevant and personal.

And, a trend that really hits home is the way the office has changed. In many respects, it’s gone global and virtual. More than a billion people work on-line.

These examples are here now and they’re becoming more and more pervasive as we speak. But that’s only part of the story. The customers I meet with – and they are from a wide variety of geographies and serve a host of industries – worry that they are not harnessing new technology to leverage growth and better serve their customers:

They worry about escalating costs and where to place their IT investment bets so they stay ahead of the curve.

They are awed by the complexity of technology, but yearn for someone to make it all simpler.
They’re eager to embrace the promise of a “greener” world, but don’t know how to harness technology to make their infrastructure more sustainable.

Here’s what excites me. We’re working closely with our customers – to listen and partner – to help them be better at everything they do. No matter how simple or how complex the challenge is, at Xerox, we are committed to finding the right answer for our customers every time.

Take the issue of being “green.” One of the core strings in Xerox’s DNA is our commitment to doing what’s right – right for our customers, right for the communities within which we live and work, and right for the environment. In short, we call it our “Green Gene” – our long-term commitment to environmental and sustainability practices.

While it’s important to understand what we do as a company – we’re most proud of our focus on helping our customers implement a green strategy. Printers are
becoming increasingly aware of their environmental impact because their customers are asking for greener alternatives.

We’re helping print providers meet those requirements by offering technology that minimizes the impact on the environment – it’s technology like EA Toner and ENERGY STAR compliant DocuColor and Nuvera systems as well as recycled and High Yield paper.

As important, we’re helping our customers minimize their environmental footprint in a way that’s good for Mother Earth and good for their business. Print providers and print specifiers who have embraced print on demand are already seeing these benefits. It eliminates obsolescence of printed materials, reducing waste by as much as 30 percent.

The benefits of digital printing also include having the flexibility to print a personalized page for one to thousands. Every day, I’m amazed at the applications our customers create using Xerox technology. They are building businesses that never existed before we made this market. And, we’re
showing them how to integrate this technology along side their offset equipment for even greater business opportunities. That’s what the next chapter in the New Business of Printing is all about.

I hope you will stop by our booth and be inspired by some of these awesome applications.

Like Collateral in the form of personalized travel booklets created by Diamond Systems using the iGen3 for the leading German travel services company, BigXtra.

Or the offset and digital hybrid applications of books that the German-Dutch company Shaker Publishing printed on the Xerox 650/1300 Continuous Feed Printer and a Heidelberg press.

And, believe it not, personalized chewing gum packets produced by De Budelse b.v., a Dutch printer using a Xerox iGen3 for sales and marketing company Personal Media Solutions.
Having the right technology is key. Yes, we are helping customers Connect with Opportunity, giving them the best tools and services to help them grow their businesses and leverage their digital investments. And, we are arming them with the latest workflow solutions to automate every process step and realize amazing business results.

But, let’s face it; you must have proven technology. It’s table stakes in this market.

We’ve spent years building a collection of innovative technologies that makes digital printing much more powerful than just the box. A great source of pride is that only Xerox can deliver the broadest range of digital production printing technology – from cut-sheet black and white, continuous feed, full-color, highlight color and wide format systems along with solid ink.

In the past three years, we have brought more than 100 new products to market. More than 20 in the production space alone. Together with our intelligent software, targeted
services and tailored solutions, they bring value to our customers today and assure us continued industry leadership tomorrow. Quincy will clue you into this in a moment. It’s another hint of new technology that, for us and for our customers, moves this market even deeper into the profitable New Business of Printing.

No one single technology can adequately respond to all customer needs. That’s why we continue to invest in multiple technologies and help our customers transform printing into communication.

Our company was founded on Chester Carlson’s invention of xerography 70 years ago. The brilliance of this innovation is how much we’ve been able to scale it into a massive multibillion dollar market – with opportunity to push the boundaries of this technology even more. So, yes, we will continue to invest in xerography. It is still an advanced technology for printers who need to produce short-run and personalized graphic arts quality marketing materials and
collateral. And, yes, we’ll continue to deliver more xerographic breakthroughs like the innovative Flash Fusing found in our Continuous Feed devices. Doing so allows print providers to do so many more applications on different media.

Our new Continuous Feed systems are the perfect technology to make marketing more personal. They arm print providers with the right blend of color, speed and image quality to help transform costly, routine print jobs into high-impact promotional documents…and, capture new profitable opportunities. It’s important technology for Xerox and for the marketplace. You’ll see us continue to bolster our continuous feed business -- bringing new capabilities for the high-volume market.

And, count on us to up the ante on image quality along with productivity and automation functions to our iGen family, making the “best” even “better.”
So, we know how to scale technology – and we’re taking that deep industry knowledge to our proprietary solid ink line. We’re moving solid ink upstream so the ease of use, cost advantages, image quality and waste-free benefits of solid ink can be applied to whole new office and production markets.

Another example of Xerox’s innovation prowess at its best: here at drupa, we’re showcasing amazing inkjet developments that will be available in future products.

Now I’ve heard all the talk about this being the “inkjet drupa.” Well, that’s good but it’s not even close to being good enough. We have no intention of duplicating the inkjet technology in the marketplace today. The limits of it are too, well, limiting – and the applications for which it can be used are too small. Instead, we’ll do what we do best….make it better. We’re taking the concept of inkjet to the next level so that the business opportunity for commercial printers has legs that are well worth the investment. We asked Steve
Hoover from one of our research labs to join us today. He’ll give you the inside story on what we’re developing. It’s technology that eliminates the challenges and lifts the limits of the inkjet you know today. It’s what you’ve come to expect from Xerox.

I feel strongly our success has been significant since I first took the stage here in 2000. It was then that I vowed we would bring digital technology to what was largely the province of offset or lithographic printing.

Based on feedback from our customers around the world, we got it right: Right technology, right workflow, right business model. And, yes, RIGHT NOW.

The pace of business isn’t slowing down. The overwhelming creation of information every second is speeding up. And, with that, the expectations of our customers and of our customers’ customers become more demanding. Cutting through clutter. Making it personal. Printing for you or me or for the masses. Creating it with
“green” in mind. And doing it all in real time… because time moves really fast.

This is where Xerox excels – rapidly advancing our technology and going full throttle to outrun the pace of change.

And with that, let me turn it over to Quincy Allen. Quincy heads up our production business and will fill in the details on the hints I’ve given you about how we’re widening our significant competitive advantage.

Then Steve Hoover will join us for a take on inkjet that will set Xerox even farther ahead.

It’s drupa 2008… What you know about Xerox is about to get even better now and well into the future. For us, the doors of the New Business of Printing are opening wider everyday. We invite you in.

Quincy…..
Thank you Quincy and Steve. iGen4 – it’s the next generation of image quality, productivity and automation. Hope you agree that it’s making the best even better. And, Steve’s demonstration of our breakthrough in inkjet is proof positive that Xerox is never standing still.

Further solidifying our leadership, we now have more than a dozen new digital printing technologies and solutions that improve the speed, increase the productivity, drive down the cost and bring offset-quality color to the dynamic digital arena.

Certainly the New Business of Printing has and will continue to redefine this industry. And, Xerox will continue to lead the industry’s innovation, helping our customers prosper. We’ve got it right…technology, workflow, business model. RIGHT NOW.

Thanks so much for listening. Let’s open the stage to your questions.

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