

Strategic Overview

Anne Mulcahy
Chairman & CEO

Key Messages

Leader in the document technology industry

Xerox value aligned to customer needs

Recurring revenue business model

Earnings and operating margin expansion

Strong financial position and capital structure

Perspective on the Macro



Challenging Environment

- Anticipating continuing economic weakness into 2009
- Tight capital markets, investments scrutinized, time to decision lengthened

Track Record of Delivery

- Recurring revenue model and strong cash flow
- Proven ability to implement cost initiatives

Position of Strength

- Xerox helps customers optimize their business in challenging times
- Industry leader with global presence and delivery capability

Xerox Value Proposition Relevant to Every Business

15.2 trillion **pages** are **printed** worldwide growing **30 %** over the next 10 years (Lyra Research, 2007)

A typical enterprise spends between **3 - 5 %** of its **revenues** managing **documents**. This cost is frequently higher than what they invest in R&D (Xerox internal study)

\$650 billion in **productivity** per year is **lost** due to information overload (Basex, 2008)

42 % of people accidentally use the **wrong information** at least once per week; **53 %** believe less than half of the information they receive is valuable (Accenture, 2007)

Xerox Leads in a \$132 billion Growing Market

Market by Offering



New offerings create significant growth

Delivering **customer value**

- Infrastructure optimization
- Customized and relevant communications

Market by Customer



SMB share gain opportunity is huge

1 share pt = \$500m revenue

Market by Geography



Geographic diversity

- Customers require **global** scale and efficiencies
- **Developing Markets** growing 3x faster than rest of world

Xerox Differentiated from Competition

Industry Trend

Competitive Dynamics

Xerox Differentiation

Industry Consolidation

Top 5 = 76 % of Revenue

- #1 Revenue Share
- 10+ acquisitions (incl GIS)

Increased focus on Distribution

Approximately 15 share pts locked up thru acquisitions

- Approximately 14,000 dedicated sales reps and significant channel partners
- GIS + 7 Dealers / Veenman

Technology Expansion

Players moving up market

- MFPs winning over printers
- Digital production printing

- 100 new products in last 3 yrs
- Growing share in SMB
 - Market leader in production

Services and Solutions Differentiation

- Services led to the Enterprise
- S/W & Solutions investments
- Client pull into BPO

- Global capabilities
- Smarter document technologies
- Broad alliances

Xerox Strategy to Win

Execute on Growth Initiatives

- Accelerate transition to Color
- Build on Services leadership
- Drive New Business of Printing

Expand Distribution

- Maintain developing markets investments
- Acquire SMB distribution
- Capitalize on Graphic Arts coverage

Secure Future Technology Leadership

- Advance heritage of innovation
- Capitalize on breakthrough ink technologies
- Differentiate through document management technologies

Optimize Productivity and Infrastructure

- Improve efficiency and effectiveness of infrastructure
- Optimize resources to support innovation and growth

Agenda

Introduction and Strategic Overview Anne Mulcahy

Operational Leadership Ursula Burns

Financial Overview Larry Zimmerman

Q&A All

Summary Anne Mulcahy

Breakout Sessions

Global Imaging

Services Customer Session

New Business of Printing Customer Session

