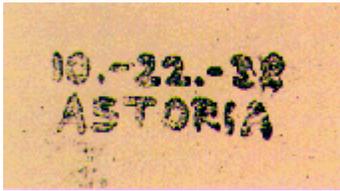


XEROX

The Story of Xerography



Our Heritage, Our Commitment



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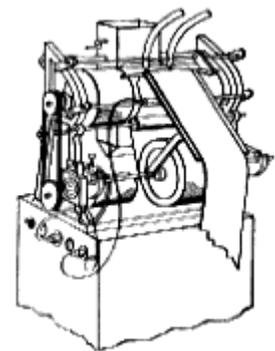
This humble legend marks the time and place of an auspicious event. It is the text of the first xerographic image ever fashioned. It was created in a makeshift laboratory in Queens, NY. by a patent attorney named Chester Carlson, who believed that the world was ready for an easier and less costly way to make copies.

Carlson was proved right only after a discouraging ten-year search for a company that would develop his invention into a useful product. It was the Haloid Company, a small photo-paper maker in Rochester, N.Y, which took on the challenge and the promise of xerography and thus became, in a breathtakingly short time, the giant multinational company now known to the world as Xerox Corporation.

This report contains several stories about xerography: the man who invented it, the company that made it work, and the products it yielded for the benefit of mankind.

These stories chronicle a classic American success story: How men of courage and vision grew a highly profitable business from little more than the seed of an idea.

Certainly, Xerox has changed greatly in size and scope since the historic 914 copier was introduced in 1959. But we also believe that the basic personality of Xerox has never changed. We are convinced that the essential attributes that brought the young Xerox such spectacular rewards in office copying are the same attributes we need to assure continued success for the mature Xerox as it develops total office information capability.



Under the leadership of Joseph C. Wilson, the Haloid people demonstrated extraordinary vision when they searched far afield of their bread-and-butter business to acquire the patents of an untried invention. They saw enormous potential where others saw only the hazards.

And at Xerox today, research scientists are exploring the outer reaches of office information technology, looking in unconventional places for solutions to problems facing the offices of the world ten or twenty years from now.

We know that if we are to assume and maintain leadership in this vast new area of office information systems, we must continue to seek out new and better and cheaper ways of handling information.

The Haloid leaders also took great risks in opting to develop xerography. They put up much of the company's modest earnings, and millions of dollars more in outside investment, to develop the first xerographic products.

Because of that initial gamble, Xerox today possesses a wealth of financial and human resources to take some prudent risks on unproven technologies and untried strategies which show great promise.

Risk-taking is in our blood. And we think that, in the long run, it will enhance our balance sheet as well.

We are well aware of our heritage at Xerox, of the traditions of growth, courage and excellence. We are determined to be worthy of that heritage.

Xerography: Chester Carlson's Impossible Dream



Carlson memorabilia, including a photograph of the inventor as a high school senior and a page from his scrapbook containing a xerographic self-portrait with his annotation.

Part I

Xerography, the technology which started the office copying revolution, was born unheralded on October 22, 1938, the inspiration of a single man working in his spare time.

When he died in 1968 at the age of 62, Chester Carlson was a wealthy and honored man, Xerox annual revenues were approaching the billion dollar mark, and the whole world was making copies at the push of a button.

The astounding success of xerography is all the more remarkable because it was given little hope of surviving its infancy. For years, it seemed to be an invention nobody wanted. To know why it eventually prevailed is to understand the mind of Chester Carlson. For xerography, and the man who invented it, were both the products of hardship and travail.

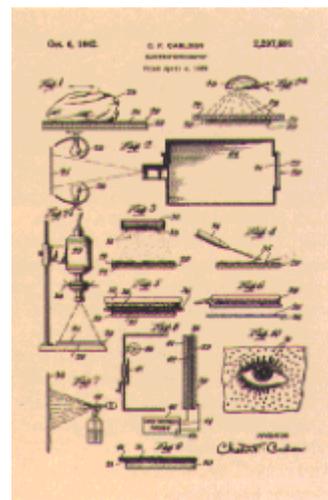
Chester Carlson was born in Seattle on February 8, 1906, the only child of an itinerant barber. The family settled in San Bernardino, Calif., and at the age of fourteen, Carlson was working after school and on weekends as the chief support of his family. His father was crippled with arthritis and his mother died of

tuberculosis when he was seventeen.

Even as a boy, Carlson had the curious mind that always asked the how and why of things. He was fascinated with the graphic arts and with chemistry -- two disciplines he would eventually explore with remarkable result.

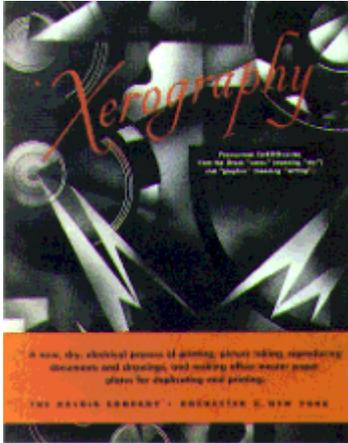
As a teenager he got a job working for a local printer, from whom he acquired, in return for his labor, a small printing press about to be discarded. He used the press to publish a little magazine for amateur chemists.

"I don't think I printed two issues," Carlson later recalled, "and they weren't much. However, this experience did impress me with the difficulty of getting words into hard copy, and this, in turn, started me thinking about duplicating processes. I started a little inventor's notebook, and I would jot down ideas from time to time."



Upon graduating from high school, Carlson worked his way through a nearby junior college where he majored in chemistry. He then entered California Institute of Technology, and was graduated in two years with a degree in physics.

More problems faced Carlson as he entered a job market shattered by the developing Depression. He applied to eighty-two firms, and received only two replies before landing a \$35-a-week job as a research engineer at Bell Telephone Laboratories in New York City.



An early brochure produced by Haloid (later Xerox) explaining the process of xerography to the public.

As the Depression deepened, he was laid off at Bell, worked briefly for a patent attorney, and then secured a position with the electronics firm of P.R. Mallory & Co. While there, he studied law at night, earning a law degree from New York Law School. Carlson was eventually promoted to manager of Mallory's patent department.

"I had my job," he recalled, "but I didn't think I was getting ahead very fast. I was just living from hand to mouth, and I had just gotten married. It was kind of a struggle, so I thought the possibility of making an invention might kill two birds with one stone: It would be a chance to do the world some good and also a chance to do myself some good."

As he worked at his job, Carlson noted that there never seemed to be enough carbon copies of patent specifications, and there seemed to be no quick or practical way of getting more. The choices were limited to sending for expensive photo copies, or having the documents retyped and then reread for errors.

A thought occurred to him: Offices might benefit from a device that would accept a document and make copies of it in seconds. For many months Carlson spent his evenings at the New York Public Library reading all he could about imaging processes. He decided immediately not to research in the area of conventional photography, where light is an agent for chemical change, because that phenomenon was already being exhaustively explored in research labs of large corporations.

The front page of Chester Carlson's original patent describing his invention of electrophotography, later called xerography, which would eventually revolutionize office copying. This historic patent was filed April 4, 1939, several months after Carlson made the first xerographic image. It was issued Oct. 6, 1942 as number 2,297,691.

