



An excerpt from CEO Anne Mulcahy's Annual Letter to Employees on Business Ethics

January 25, 2007:

Our values are vital to our culture and to the way we do business. These values are:

- Satisfying our customers
- Delivering quality and excellence
- Requiring premium return on assets
- Ensuring market leadership through technology
- Valuing our employees
- Behaving responsibly as a corporate citizen



In our highly-competitive environment, where the pressure to perform is intense and relentless, we must constantly strive to do more and do better. Results are important—vital, in fact—and the pressure to improve results will always be with us. But, equally important is the means we use to achieve our results. We must conduct ourselves and our business dealings with the highest degree of ethical conduct. This means not only complying with laws, regulations and company policies, but also doing so in a way that reflects our core values.

When it comes to business ethics, there is no choice and there can be no change in our position. Ethics issues are so serious that, in some instances, violations could result in serious legal penalties for Xerox Corporation and for the individual. Furthermore, violations of our ethics policy could damage the reputation of Xerox, as well as the individual. To make certain that we protect our reputation and ensure compliance with applicable laws, regulations, company policies and values, every violation of the ethics policy will be treated severely by the management of this Corporation. We must have zero tolerance in this regard.

We have a duty to assure that Xerox people understand their ethical obligations. For this reason, we have a written Xerox Code of Conduct, available to all employees in multiple languages, and we cascade a letter like this throughout the company every year. It is important to rededicate ourselves periodically to our unwavering commitment to ethical conduct.

We are committed to an absolute standard of the highest ethical behavior and unquestionable integrity in our financial reporting and business activities. For a Xerox manager, regardless of the organization or the location, compliance with our policies and code of conduct is a non-negotiable requirement.