



Public Relations Office(s):

Xerox Square – 004
100 S. Clinton Ave.
Rochester, NY 14644
585-423-5733

News from Xerox

FOR IMMEDIATE RELEASE

XEROX PLEDGES TO TRIM GREENHOUSE GAS EMISSIONS
FROM WORLDWIDE OPERATIONS BY 10 PERCENT BY 2012

*Aggressive goal, part of EPA's Climate Leaders program,
"is the right thing for Xerox to do"*

STAMFORD, Conn., May 6, 2005 – Consistent with its long-standing record of environmental stewardship, Xerox Corporation (NYSE: XRX) has pledged to cut greenhouse gas emissions from its worldwide operations by 10 percent from the baseline year 2002 to the end of 2012.

This aggressive voluntary reduction target is aligned with the U.S. Environmental Protection Agency's Climate Leaders program and The Business Roundtable's Climate RESOLVE program, which Xerox joined in 2003. And it complements the company's ongoing environmental programs, which include products designed for energy efficiency and innovative remanufacturing and recycling practices.

"While the absolute reduction in greenhouse gas emissions will be a challenge – requiring a 30 percent or more improvement in energy efficiency compared with 2002 levels – it is the right thing for Xerox to do," said Anne M. Mulcahy, Xerox chairman and chief executive officer. "As energy and fuel costs rise, consciously working to further control Xerox's energy-related costs is environmentally responsible and financially smart."

Xerox's greenhouse gas emissions – gaseous compounds in the atmosphere that trigger global climate change – result from use of fossil fuels and purchased electricity for power. About three-quarters of Xerox's total comes from its U.S. operations. The company projects it could save or avoid spending millions of dollars annually by cutting its use of fossil fuel and electricity.

The 10-percent-reduction goal requires Xerox to cut annual emissions from these sources below its 2002 baseline, even as the company grows. In effect, by 2012 Xerox will have to reduce annual emissions by an estimated 100,000 metric tons – or about 30 percent – to achieve the 10 percent target.

This reduction will position Xerox to meet future greenhouse gas reduction mandates, including those in countries that have ratified the Kyoto protocol, the international treaty that calls for emission reductions in signatory nations.

Using Less Power

Xerox already has a history of energy-saving initiatives, including installing high-efficiency lighting, synchronizing power use with operations schedules, and even using cold winter temperatures to chill water for manufacturing. But meeting the new targets will take more reductions. Among the areas targeted: new technology and improved process designs to make existing processes more efficient, advanced technologies that use less energy, expanded use of current energy-efficient technologies, and alternative energy sources.

In addition to reducing emissions from its physical facilities and operations, Xerox has consistently worked to engineer environmentally friendly printers, copiers and other systems and to develop practices that cut greenhouse gas production, said Patricia A. Calkins, Xerox vice president for Environment, Health and Safety.

While the Climate Leaders program doesn't measure these savings, "they nonetheless substantially reduce the carbon dioxide emissions from Xerox's operations and those of its customers," said Calkins, who was in Washington, D.C., today to outline Xerox's emissions targets at an EPA Climate Leaders meeting.

Environmental Stewardship

Xerox has incorporated energy-efficiency criteria throughout the lifecycle of its products. For example, Xerox products introduced in 2003 used up to 50 percent less energy compared with similar 1992 products, and the company estimates that energy-efficient features in its copiers and printers in 2003 enabled customers to avoid emitting an estimated 563,000 metric tons of greenhouse gas. In 2003, 97 percent of Xerox eligible product offerings qualified for the EPA's ENERGY STAR[®] label or Canada's Environmental Choice EcoLogo, two widely recognized certifications for product environmental performance.

From a practices perspective, all Xerox-designed products are developed with remanufacturing and reuse in mind. As a result, equipment returned to Xerox at end of life can be remanufactured – rebuilt – to as-new performance specifications. The environmental benefit is significant: Reusing parts requires less energy and fewer raw materials than manufacturing brand-new parts. The company estimates that in 2003, this practice prevented emission of 70,000 metric tons of greenhouse gases.

Organizations that join with the EPA as Climate Leaders agree to report all on-site emissions of greenhouse gases and emissions related to electricity they purchase.

Xerox is committed to the protection of the environment and the health and safety of its employees, customers and neighbors. The company has received major environmental awards worldwide, and it has been a leader in implementing conservation measures and environmentally friendly policies.

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Customer Contact:

For more information on Xerox environmental programs, visit www.xerox.com/environment.

Media Contacts:

Kara Choquette, Xerox Corporation, 303-796-6420, kara.choquette@xerox.com
Sandy Mauceli, Lightyear Marketing Associates for Xerox, 585-385-0834, smauceli@lightyearmarketing.com

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