XEROX CORP
Form 424B5
September 22, 2004
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Prospectus Supplement
(To Prospectus Dated February 3, 2004)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-111623

$250,000,000

Xerox Corporation

$6\,^{7}/_{8}\%$ Senior Notes due 2011

We are offering $250,000,000 aggregate principal amount of our 6 7/8% senior notes due 2011, which we refer to as the Offered Notes . The Offered Notes constitute an additional issuance of our senior notes of the same series. We refer to the $500,000,000 principal amount of notes of this series which have been previously issued as the Outstanding Notes . The Offered Notes will become part of the same series as the Outstanding Notes, and the entire series is referred to as the Notes , unless the context otherwise requires.

The Notes will mature on August 15, 2011. We will pay interest on the Notes on each February 15 and August 15 commencing February 15, 2005.

We may redeem the Notes by paying to the holders thereof 100% of the principal amount plus a make-whole redemption premium. Prior to August 15, 2007, we may redeem up to 35% of the Notes with the proceeds of certain equity offerings. If we undergo a change of control, we will be required to offer to purchase all the Notes from the holders.

Certain of the covenants applying to the Notes will be suspended during any time that the Notes have an investment grade rating as more fully described herein. The Notes will not be listed on any securities exchange.

The Notes are required to be guaranteed on a senior basis by only those of our subsidiaries that are required to guarantee our outstanding 9 3/4% Senior Notes due 2009, 7 1/8% Senior Notes due 2010 and 7 5/8% Senior Notes due 2013 upon consummation of this offering. The Notes will be unsecured and will rank senior to all our existing and future subordinated debt and will rank pari passu with our existing and future unsecured senior debt. The Notes will be effectively subordinated to any secured debt of Xerox as well as any secured debt of the guarantor subsidiaries. The Notes will be structurally subordinated to the debt of our subsidiaries that are not guaranteeing the Notes.

Investing in the Notes involves a high degree of risk. See "Risk Factors," beginning on page S-5 of this prospectus supplement and on page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price (plus accrued interest from August 10, 2004)	104.250%	$ 260,625,000
Underwriting Discount	1.250%	$ 3,125,000
Proceeds to Xerox Corporation (before expenses)	103.000%	$ 257,500,000

Interest on the Notes will accrue from August 10, 2004 to the date of delivery.

The underwriters expect to deliver the Offered Notes to purchasers in book entry form through the Depository Trust Company on or about September 23, 2004.

Joint Book-Running Managers

Citigroup **JPMorgan**

Co-Managers

Bear, Stearns & Co. Inc.
Deutsche Bank Securities
Credit Suisse First Boston
Merrill Lynch & Co.

September 20, 2004

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described below under the heading Where You Can Find More Information.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. See Incorporation of Certain Documents By Reference in the accompanying prospectus.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act). In accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). Our SEC file number is 1-4471. You can read and copy this information at the following location of the SEC:

Public Reference Room

450 Fifth Street, N.W.

Room 1024

Washington, D.C. 20549

You can also obtain copies of these materials from this public reference room, at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room. The SEC also maintains a web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is *www.sec.gov*.

This prospectus supplement and the accompanying prospectus, which forms a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus supplement or the accompanying prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents they incorporate by reference may contain certain statements that are not historical fact and which are deemed to be forward-looking. These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available.

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The words anticipate, believe, estimate, expect, intend, will, and similar expressions, as they relate to us, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, intended or expected. We do not intend to update these forward-looking statements.

We are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors which could cause actual results to differ materially from those contained in the forward-looking statements. Such events and factors include, but are not limited to, those discussed in the section that follows the heading Risk Factors in this prospectus supplement and the accompanying prospectus, as well as those listed under Forward Looking Statements in the documents enumerated under Incorporation of Certain Documents by Reference including, but not limited to, our Annual Report on Form 10-K for the year ended December 31, 2003, our Quarterly Reports on Form 10-Q for the three months ended March 31, 2004 and June 30, 2004 and under similarly captioned sections in future filings that we make with the SEC under the Exchange Act.

MARKET AND INDUSTRY DATA

Certain market and industry data included or incorporated by reference in this prospectus supplement and in the accompanying prospectus has been obtained from third party sources that we believe to be reliable. We have not independently verified such third party information and cannot assure you of its accuracy or completeness. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus supplement and in the accompanying prospectus.

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Prospectus Supplement Summary

This summary may not contain all the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference into the prospectus supplement and the accompanying prospectus, including the risk factors and the financial data and related notes, before making an investment decision. References herein to Xerox , the Company , we , us , or our refer to Xerox Corporation and its subsidiaries unless the context specifically states or implies otherwise and, in the context of the Notes, we , us and our shall only refer to Xerox Corporation, the issuer of the Notes.

The Company

We are a technology and services enterprise and a leader in the global document market. We develop, manufacture, market, service and finance a complete range of document equipment, software, solutions and services. We operate in over 130 countries worldwide, and distribute our products in the Western Hemisphere through divisions, wholly-owned subsidiaries and third-party distributors. In Europe, Africa, the Middle East, India and parts of Asia, we distribute our products through Xerox Limited and related companies. We had approximately 61,100 employees at December 31, 2003.

Industry Overview

The document industry is undergoing a fundamental transformation that includes the continuing transition from older light lens devices to digital technology, transition from black and white to color, management of publishing and printing jobs over the internet, use of variable data to create customized documents and an increase in mobile workers utilizing hand-held devices. Documents are increasingly created and stored in digital electronic form and the internet is increasing the amount of information that can be accessed in the form of electronic documents. We believe these trends play to the strengths of our product and service offerings and represent opportunities for future growth. Important areas for growth include color systems in both Office and Production environments, the replacement of multiple single-function office devices with multifunction systems, and the transition of low-end offset printing to digital technology.

Our Position

We develop document technologies, systems, solutions and services intended to improve our customers work processes and business results. Our success rests on our ability to understand our customers needs and provide innovative document management solutions and services that deliver value to them. We deliver value to customers by leveraging core competencies in technology, document knowledge, global sales and service, brand reputation and value added solutions across our three core markets, high-end production environments, small to large networked offices, and services led offerings for large enterprises.

Key Offerings

We compete in both monochrome (i.e. black and white) and color segments by providing a broad range of document products, solutions and services. Our products include printing and publishing systems, digital multifunction devices (which can print, copy, scan and fax), digital copiers, laser and solid ink printers, fax machines, document-management software, and supplies such as toner, paper and ink. We provide software and solutions that can help businesses easily print books or create personalized documents for their customers. In addition, we provide a range of comprehensive document management services, such as operating in-house production centers, developing online document repositories and analyzing how customers can most efficiently create and share documents in the office.

Business Model Highlights

Our business model is based on increasing equipment sales in order to build the population of machines in the field that will produce pages and therefore generate post sale and financing revenue streams. The majority of

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our equipment is sold through sales type leases that are recorded as equipment sale revenue. Equipment sales represent approximately 25 percent of our total revenue. The post sale and financing revenue, which includes service and consumable supplies, is expected to approximate three times the equipment sale revenue over the life of the lease. Accordingly, equipment sale revenue is a key leading indicator of post sale and financing revenue trends as increased machines in the field should lead to increased pages and ultimately increased post sale revenue. The increasing mix of color pages is also of significant importance to post sale revenue as color pages currently generate five times the revenue and profit per page as compared to black and white.

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The Offering

Issuer	Xerox Corporation.
Securities offered	$250,000,000 aggregate principal amount of senior notes due 2011. The Offered Notes constitute an additional issuance of our senior notes of the same series. $500,000,000 principal amount of notes of this series have been previously issued. The Offered Notes will have identical terms and become part of the same series as the Outstanding Notes.
Maturity	August 15, 2011.
Interest	6 7/8% per annum, payable semi-annually in arrears on February 15 and August 15 of each year beginning February 15, 2005. Interest on the Notes, including the Offered Notes, accrues from August 10, 2004.
Guarantors	The Notes will be guaranteed on a senior basis by only those of our subsidiaries that guarantee our outstanding 9¾% Senior Notes due 2009, 7 1/8% Senior Notes due 2010 and 7 5/8% Senior Notes due 2013 upon consummation of this offering. The guarantor subsidiaries represent in the aggregate approximately 0% of our consolidated revenues and 1% of our consolidated assets for the six months ended and as of June 30, 2004, respectively. If Xerox cannot make payments on the Notes when they are due, the guarantor subsidiaries must make them instead.
Ranking	The Notes will be unsecured and will rank senior to all our existing and future subordinated debt and will rank *pari passu* with our existing and future unsecured senior debt. The Notes will be effectively subordinated to any secured debt of Xerox as well as any secured debt of the guarantor subsidiaries. The Notes will be structurally subordinated to the debt of our subsidiaries that are not guaranteeing the Notes. As of June 30, 2004, we had $10.3 billion of debt, of which $4.9 billion was secured, $1.8 billion of liabilities to subsidiary trusts issuing preferred securities outstanding, and cash and cash equivalents of $2.5 billion.
	On June 30, 2004, of the $10.3 billion of debt outstanding, our subsidiaries had an aggregate of $7.3 billion of debt outstanding.
Optional redemption	We may redeem some or all of the Notes at any time at 100% of the principal amount plus a make-whole premium. See Description of the Notes Optional Redemption.
	At any time (which may be more than once) before August 15, 2007, we may also redeem up to 35% of the outstanding Notes with money that we raise in one or more equity offerings as long as:

- we pay 106.875% of the face amount of the Notes redeemed, plus accrued and unpaid interest;
- we redeem the Notes within 90 days of completing the equity offering; and

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	at least 65% of the aggregate principal amount of the Notes issued remains outstanding afterwards.
Change of Control	If we undergo a change of control, we must give all holders of the Notes the opportunity to sell to us their notes at 101% of their face amount, plus accrued interest. We might not be able to pay to you the required price for Notes that you present to us upon a change of control, because: we might not have enough funds at that time; or the terms of our debt instruments may prevent us from paying.
Certain covenants	The indenture governing the Notes will contain covenants limiting our (and most or all of our subsidiaries) ability to, among other things: incur additional debt; make restricted payments (including paying dividends on our capital stock or redeeming or repurchasing our capital stock or subordinated obligations); make investments; make asset sales; enter into agreements that restrict, among other things, dividends from subsidiaries; grant liens on our assets; engage in transactions with affiliates; and merge or consolidate or transfer substantially all of our assets. The covenants are subject to important exceptions and qualifications, including in particular the exception provided by clause (iii)(x) to the Limitation on Restricted Payments covenant. Most of these covenants applicable to any series of notes will be suspended during any time that such series of notes has investment grade ratings by both Moody s and S&P. However, such covenants will apply and such suspension period will no longer be in effect if and when such series of notes cease to have investment grade ratings from both Moody s and S&P.

Use of proceeds	We will use the net proceeds from this offering for general corporate purposes.
Market for the Notes	We do not intend to list the Notes on any securities exchange or to arrange for any quotation system to quote them. We cannot assure you that a liquid market will exist for the Notes.
Risk Factors	An investment in the Notes involves certain risks that you should evaluate prior to making an investment in the Notes. In particular, you should evaluate the specific risk factors under Risk Factors beginning on page S-5 of this prospectus supplement and on page 2 of the accompanying prospectus for a discussion of certain risks involved with an investment in the Notes.

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RISK FACTORS

You should carefully consider the risks described below, the risks set forth in the accompanying prospectus and the other information set forth in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below, or the risk factors in the accompanying prospectus, will not occur. If they do, our business, results of operations or financial condition could be materially adversely affected. In such an instance, the trading price of our securities, including the notes, could decline and you might lose all or part of your investment.

Risks related to the Notes

Our substantial debt could adversely affect our financial health and pose challenges for conducting our business.

We have, and after this offering will continue to have, a substantial amount of debt and other obligations. As of June 30, 2004, on a pro forma basis reflecting the issuance of the Outstanding Notes and assuming the consummation of this offering, we would have had $11.0 billion of debt, of which $4.9 billion would have been secured, $1.8 billion of liabilities to subsidiary trusts issuing preferred securities outstanding and cash and cash equivalents of $3.3 billion.

Our substantial debt and other obligations could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements;
- increase our vulnerability to interest rate fluctuations because a significant portion of our debt has variable interest rates;
- require us to dedicate a substantial portion of our cash flow from operations on our debt and other obligations thereby reducing the availability of our cash flow from operations for other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- become due and payable upon a change of control.

If new debt is added to our current debt levels, these related risks could increase.

Our 2003 Credit Facility and the indentures governing our senior notes contain, and certain of our future financing agreements are expected to contain, various covenants which limit the discretion of our management in operating our business and could prevent us from engaging in some beneficial activities.

The indentures governing our outstanding senior notes and our 2003 Credit Facility limit our ability to, among other things, issue debt and preferred stock, retire debt early, make investments and acquisitions, merge, engage in certain transactions with affiliates, create or permit to exist liens, transfer assets, enter into hedging transactions, and pay dividends on our common stock. The 2003 Credit Facility generally does not affect our ability to continue to monetize finance receivables under our agreements with various subsidiaries of General Electric (GE) and others.

Although the terms of the indentures governing our senior notes restrict our ability to incur additional debt to fund significant acquisitions and restricted payments, the indentures permit us and certain of our subsidiaries to incur debt in the ordinary course and in other circumstances. The indentures prohibit us from refinancing the 7 1/2% convertible trust preferred securities that we issued in the trust preferred offering in November 2001 if these securities are put to us in December 2004, other than with our equity or junior subordinated debentures or with cash that may be available pursuant to the restricted payments covenant.

The Notes are unsecured and are effectively subordinated to our secured indebtedness.

If Xerox or the guarantors become insolvent or are liquidated, or if payment under any of our secured debt or the guarantors secured debt obligations is accelerated, the secured lenders would be entitled to exercise the remedies available to a secured lender under applicable law and will have a claim on those assets before the holders of our senior notes that are unsecured. As a result, the Notes and related guarantees are effectively subordinated to our and the guarantors secured indebtedness to the extent of the value of the assets securing that indebtedness or the amount of indebtedness secured by those assets. Therefore, the holders of the Notes may recover ratably less than the lenders of our secured debt in the event of our or the guarantors bankruptcy or liquidation. At June 30, 2004, assuming consummation of this offering, we would have had $4.9 billion of secured debt on a consolidated basis, of which $317.0 million would be secured debt of Xerox Corporation and the guarantors. However, in the future, we may be able to refinance our unsecured debt with secured debt, so the amount of assets available to unsecured creditors may decrease.

Your right to receive payments on the Notes could be adversely affected if any of our non-guarantor subsidiaries declares bankruptcy, liquidates or reorganizes.

The Notes are required to be guaranteed on a senior basis by only those of our subsidiaries that are required to guarantee our outstanding 9¾% Senior Notes due 2009, 7 1/8% Senior Notes due 2010 and 7 5/8% Senior Notes due 2013 upon consummation of this offering. Assuming consummation of this offering, at June 30, 2004, our non-guarantor subsidiaries had approximately $7.3 billion of outstanding indebtedness. Our non-guarantor subsidiaries may incur substantial additional indebtedness. In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us or the guarantors.

Federal and state statutes may allow courts to further subordinate or void the guarantees. Federal and state statutes allow courts, under specific circumstances, to void or subordinate guarantees and require note holders to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee (1) issued the guarantee with the intent of hindering, delaying or defrauding any current or future creditor or contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of other creditors, or (2) received less than reasonably equivalent value or fair consideration for issuing its guarantee and:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor.

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The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that neither we nor the guarantors are insolvent, have unreasonably small capital for the business in which we are engaged or have incurred debts beyond the ability of each of us to pay such debts as they mature. However, we cannot assure you as to what standard a court would apply in making such determination or that a court would agree with our conclusions in this regard.

We may not be able to purchase your Notes upon a change of control.

Upon the occurrence of specified change of control events, we will be required to offer to purchase each holder s Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest. We may not have sufficient financial resources to purchase all of the Notes that holders tender to us upon a change of control offer. The occurrence of a change of control could also constitute an event of default under any of our future debt agreements. See Description of Notes Change of Control.

An active trading market may not exist for the Notes.

We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. Although the underwriters have informed us that they currently intend to make a market in the Notes, they are not obligated to do so and any market may be discontinued at any time without notice. Accordingly, we cannot assure you as to the existence or liquidity of any market for any of the Notes. See Underwriting.

Risks related to our business

We face significant competition and our failure to compete successfully could adversely affect our results of operations and financial condition.

We operate in an environment of significant competition, driven by rapid technological advances and the demands of customers to become more efficient. Our competitors range from large international companies to relatively small firms. Some of the large international companies have significant financial resources and compete with us globally to provide document processing products and services in each of the markets we serve. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, distribution and customer service and support. Our success in future performance is largely dependent upon our ability to compete successfully in the markets we currently serve and to expand into additional market segments. To remain competitive, we must develop new products and services and periodically enhance our existing offerings. If we are unable to compete successfully, we could lose market share and important customers to our competitors and that could adversely affect our results of operations and financial condition.

We need to develop and expand the use of color printing and copying.

Increasing the proportion of pages which are printed in color and transitioning color pages currently produced on offset devices to Xerox technology represent key growth opportunities. A significant part of our strategy and ultimate success in this changing market is our ability to develop and market technology that produces color prints and copies quickly, easily, with high quality and at reduced cost. Our continuing success in this strategy depends on our ability to make the investments and commit the necessary resources in this highly competitive market, as well as the pace of color adoption by our existing and prospective customers. If we are unable to develop and market advanced and competitive color technologies, we may be unable to capture these opportunities and it could materially adversely affect our results of operations and financial condition.

If we fail to successfully develop new products and technologies, we may be unable to retain and gain customers and our revenues would be reduced.

The process of developing new high technology products and solutions is inherently complex and uncertain. It requires accurate anticipation of customers changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products that achieve customer acceptance and generate the revenues required to provide desired returns. If we fail to accurately anticipate and meet our customers needs through the development of new products or if our new products are not widely accepted, we could lose our customers and that could materially adversely affect our results of operations and financial condition.

Our profitability is dependent upon our ability to obtain adequate pricing for our products and to improve our cost structure.

Our success depends on our ability to obtain adequate pricing for our products and services which provides a reasonable return to our shareholders. Depending on competitive market factors, future prices we obtain for our products and services may decline from historical levels. In addition, pricing actions to offset the effect of currency devaluations may not prove sufficient to offset further devaluations or may not hold in the face of customer resistance and/or competition. If we are unable to obtain adequate pricing for our products and services, it could materially adversely affect our results of operations and financial condition.

Our ability to sustain and improve profit margins is largely dependent on our ability to continue to improve the cost efficiency of our operations through such programs as Lean Six Sigma and, to a lesser extent, our ability to complete information technology initiatives. If we are unable to achieve productivity improvements through process re-engineering, design efficiency and supplier and manufacturing cost improvements, our ability to offset labor cost inflation, potential materials cost increases and competitive price pressures would be impaired, all of which could materially adversely affect our results of operations and financial condition.

We have outsourced approximately half of our overall worldwide manufacturing operations and face the risks associated with relying on third party manufactures and external suppliers.

Since 2001, we have outsourced approximately half of our overall worldwide manufacturing operations to Flextronics, Inc. This includes the sale of some of our manufacturing facilities to Flextronics, which has significantly reduced our internal manufacturing capability. Flextronics manufactures and supplies equipment and components, including electronic components, for the Office segment of our business. We expect to increase our purchases from Flextronics commensurate with our future sales. To the extent that we rely on Flextronics and other third party manufacturing relationships, we face the risk that they may not be able to develop manufacturing methods appropriate for our products, they may not be able to quickly respond to changes in customer demand for our products, they may not be able to obtain supplies and materials necessary for the manufacturing process, they may experience labor shortages and/or disruptions, manufacturing costs could be higher than planned and the reliability of our products could decline. If any of these risks were to be realized, and assuming similar third-party manufacturing relationships could not be established, we could experience an interruption in supply or an increase in costs that might result in our being unable to meet customer demand for our products, damage to relationships with our customers, and a reduction in our market share, all of which could materially adversely affect our results of operations and financial condition.

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Our business, results of operations and financial condition may be negatively impacted by economic conditions abroad, including fluctuating foreign currencies and shifting regulatory schemes.

We derive approximately 45% of our revenue from operations outside of the United States. In addition, we manufacture or acquire many of our products and/or their components outside the United States. Our future revenue, cost and results from operations could be adversely affected by a number of factors, including changes in foreign currency exchange rates, as well as by a number of other factors, including changes in economic conditions from country to country, changes in a country s political conditions, trade protection measures, licensing requirements and local tax issues. We generally hedge foreign currency denominated assets, liabilities and anticipated transactions primarily through the use of currency derivative contracts. The use of these derivative contracts tends to mitigate volatility in our results of operations, but does not completely eliminate the volatility. We do not, however, hedge the translation effect of revenues denominated in currencies where the local currency is the functional currency.

Our operating results may be negatively impacted by revenue trends.

Our ability to return to and maintain a consistent trend of revenue growth over the intermediate to longer term is largely dependent upon expansion of our worldwide equipment placements, as well as sales of services and supplies occurring after the initial equipment placement (post sale revenue) in the key growth markets of color and multi-function devices. We expect that revenue growth can be further enhanced through our consulting services in the areas of personalized and product life cycle communications, office and production services and document content and imaging. The ability to achieve growth in our equipment placements is subject to the successful implementation of our initiatives to provide advanced systems, industry-oriented global solutions and services for major customers, improved direct sales productivity and expand our indirect distribution channels in the face of global competition and pricing pressures. Our ability to increase post sale revenue is largely dependent on our ability to increase equipment placements, equipment utilization and color adoption. Equipment placements typically occur through leases with original terms of three to five years. There will be a lag between the increase in equipment placement and an increase in post sale revenues. The ability to grow our customers usage of our products may continue to be adversely impacted by the movement towards distributed printing and electronic substitutes and the impact of lower equipment placements in prior periods. If we are unable to return to and maintain a consistent trend of revenue growth, it could materially adversely affect our results of operations and financial condition.

Our current credit ratings result in higher borrowing costs, which in turn may affect our ability to fund our customer financing activities.

The long-term viability and profitability of our customer financing activities is dependent, in part, on our ability to borrow and the cost of borrowing in the credit markets. This ability and cost, in turn, is dependent on our credit ratings. Our access to the public debt markets is expected to be limited to the non-investment grade segment, which results in higher borrowing costs, until our credit ratings have been restored to investment grade. We are currently funding much of our customer financing activity through third-party financing arrangements, including several with GE in various geographies, cash generated from operations, cash on hand, capital markets offerings and securitizations. There is no assurance that we will be able to continue to fund our customer financing activity at present levels. We continue to negotiate and implement third-party financing programs and actively pursue alternative forms of financing including securitizations and secured borrowings. Our ability to continue to offer customer financing and be successful in the placement of equipment with customers is largely dependent upon maintaining our third party financing arrangements and, longer term, upon having our credit ratings restored to investment grade. If we are unable to continue to offer customer financing, it could materially adversely affect our results of operations and financial condition.

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We need to maintain adequate liquidity in order to have sufficient cash to meet operating cash flow requirements and to repay maturing debt and other obligations. If we fail to comply with the covenants contained in our various borrowing agreements, it may adversely affect our liquidity, results of operations and financial condition.

Debt. We have and will continue to have a substantial amount of debt and other obligations. As of June 30, 2004, we had $10.3 billion of total debt ($4.3 billion of which is secured by finance receivables) and $1.8 billion of liabilities to trusts issuing preferred securities. Cash and cash equivalents were $2.5 billion at June 30, 2004. Our substantial debt and other obligations could have important consequences. For example, it could (i) increase our vulnerability to general adverse economic and industry conditions; (ii) limit our ability to obtain additional financing for future working capital, capital expenditures, acquisitions and other general corporate requirements; (iii) increase our vulnerability to interest rate fluctuations because a portion of our debt has variable rates; (iv) require us to dedicate a substantial portion of our cash flows from operations to service debt and other obligations thereby reducing the availability of our cash flows from operations for other purposes; (v) limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; (vi) place us at a competitive disadvantage compared to our competitors that have less debt; and (vii) become due and payable upon a change in control. If new debt is added to our current debt levels, these related risks could increase.

Liquidity. Our liquidity is a function of our ability to successfully generate cash flow from an appropriate combination of efficient operations and improvements therein, financing from third parties, access to capital markets and securitizations of our finance receivables portfolios. With $2.5 billion of cash and cash equivalents on hand at June 30, 2004 and borrowing capacity under our 2003 Credit Facility of $700 million, less $15.0 million utilized for letters of credit, we believe our liquidity (including operating and other cash flows that we expect to generate) will be sufficient to meet operating requirements as they occur and to satisfy all scheduled debt maturities for at least the next twelve months; however, our ability to maintain sufficient liquidity going forward depends on our ability to generate cash from operations and access to the financial markets, both or which are subject to general economic, financial, competitive, legislative, regulatory and other market factors that are beyond our control.

The 2003 Credit Facility contains affirmative and negative covenants including limitations on: issuance of debt and preferred stock; investments and acquisitions; mergers; certain transactions with affiliates; creation of liens; asset transfers; hedging transactions; payment of dividends and certain other payments and intercompany loans. The 2003 Credit Facility contains financial maintenance covenants, including minimum EBITDA, as defined, maximum leverage (total adjusted debt divided by EBITDA), annual maximum capital expenditures limits and minimum consolidated net worth, as defined. The indentures governing our outstanding senior notes contain similar covenants. They do not, however, contain any financial maintenance covenants, except the fixed charge coverage ratio applicable to certain types of payments. Our U.S. Loan Agreement with GE (effective through 2010) relating to our vendor financing program (the Loan Agreement) provides for a series of monthly secured loans up to $5.0 billion outstanding at any time. As of June 30, 2004, $2.6 billion was outstanding under this Loan Agreement. The Loan Agreement, as well as similar loan agreements with GE in the U.K. and Canada, incorporates the financial maintenance covenants contained in the 2003 Credit Facility and contains other affirmative and negative covenants.

At June 30, 2004, we were in full compliance with the covenants and other provisions of the 2003 Credit Facility, the senior notes and the Loan Agreement and expect to remain in full compliance for at least the next twelve months. Any failure to be in compliance with any material provision or covenant of the 2003 Credit Facility or the senior notes could have a material adverse effect on our liquidity, results of operations and financial condition. Failure to be in compliance with the covenants in the Loan Agreement, including the financial maintenance covenants incorporated from the 2003 Credit Facility, would result in an event of termination under the Loan Agreement and in such case GE would not be required to make further loans to us. If GE were to make no further loans to us, and assuming a similar facility was not established, it would materially adversely affect our liquidity and out ability to fund our customers purchases of our equipment and this could materially adversely affect our results of operations.

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Our business, results of operations and financial condition may be negatively impacted by legal and regulatory matters.

We have various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings concerning securities law, intellectual property law, environmental law, employment law and ERISA, as discussed in Note 10 to our Consolidated Financial Statements included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, which is incorporated by reference herein. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of our other legal matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts, they could have a material adverse effect on our results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs.

USE OF PROCEEDS

The net proceeds to be received by us from the sale of the Notes after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are approximately $257 million. We intend to use such net proceeds for general corporate purposes.

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CAPITALIZATION

The following table sets forth our unaudited consolidated cash and cash equivalents and capitalization as of June 30, 2004, and as adjusted to give effect to this offering. The financial information identified as Actual was derived from our condensed consolidated financial statements as of such date. The As Adjusted data presented below gives effect to this offering as if it were consummated on June 30, 2004, as well as the $500 million offering of Notes completed in August 2004. You should read the information in this table together with our consolidated financial statements and related notes thereto, incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2004	
	Actual	As Adjusted
	(Dollars in Millions)	
Cash and cash equivalents	$ 2,542	$ 3,291
Debt maturing within one year(1)	$ 4,219	$ 4,219
Long-term debt(2)	6,051	6,051
Senior Notes due 2011 (issued August 10, 2004)		500
Senior Notes due 2011 offered hereby(3)		261
Total debt	10,270	11,031
Liabilities to subsidiary trusts issuing preferred securities(4)	1,751	1,751
Common shareholder s equity and preferred stock:		
Series C mandatory convertible preferred stock	889	889
Common stock, par value $1.00 per share, 1.05 billion shares authorized 839,106,777 shares issued and outstanding	840	840
Additional paid-in capital	2,961	2,961
Retained earnings	1,726	1,726
Accumulated other comprehensive loss	(1,336)	(1,336)
Total common shareholders equity and preferred stock	5,080	5,080
Total capitalization	$ 17,101	$ 17,862

(1) As of June 30, 2004, we had approximately $2.3 billion of debt obligations ($1.1 billion of which is debt secured by finance receivables) expected to be repaid during the remainder of 2004 and another $1.9 billion ($900 million of which is debt secured by finance receivables) maturing in the first six months of 2005.

(2) For additional information with respect to our long-term debt and other obligations, see page S-51.

(3) Includes $250 million aggregate principal amount of Offered Notes plus $11 million premium paid in connection with the issuance of the Offered Notes.

(4) For additional information with respect to our liabilities to subsidiary trusts issuing preferred securities, see page S-55. The $1,751 million reflects a $1,067 million liability to Xerox Capital Trust II (Trust II), which includes a put option dated December 2004. The put option

corresponds to an identical December 2004 put option held by investors of the Trust Preferred Securities, which were issued by Trust II in 2001. Our liability to the trust is classified as long-term in our financial statements as we have the intent and ability to convert the obligations to equity through the issuance of common shares if put to us in 2004.

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Directors and Executive Officers of J.P. Morgan Whitefriars Inc.

Name and Business Address	**Principal Occupation or Employment**
James T. Brett JPMorgan Chase & Co. 277 Park Avenue, New York, NY 10172	Managing Director
Carlos M. Hernandez JPMorgan Chase & Co. 277 Park Avenue, New York, NY 10172	Managing Director
Ian R. Lyall JPMorgan Chase & Co. 125 London Wall, London EC2Y 5AJ, UK	Managing Director

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Schedule II

Proceedings

The term JPMorgan Chase means JPMorgan Chase & Co. and its consolidated subsidiaries. The term JPMSI means J.P. Morgan Securities Inc.

1. In April 2003, JPMorgan Chase, along with nine other financial services firms operating in the U.S., reached a settlement with the Securities and Exchange Commission (SEC), the New York State Attorney General s Office, the New York Stock Exchange (NYSE), the National Association of Securities Dealers, Inc. (NASD), and the North American Securities Administrators Association (on behalf of state securities regulators) to resolve their investigations relating to alleged research conflicts of interest. Without admitting or denying the allegations, JPMorgan Chase agreed, among other things, (i) to pay $50 million for retrospective relief, (ii) to adopt internal structural and operational reforms that will further augment the steps it has already taken to ensure the integrity of JPMorgan Chase analyst research, (iii) to contribute $25 million spread over five years to provide independent third-party research to clients and (iv) to contribute $5 million towards investor education.

2. On July 28, 2003, JPMorgan Chase announced that it had reached agreements with the SEC, the Federal Reserve Bank of New York (FRB), the New York State Banking Department (NYSBD) and the New York County District Attorney s Office (NYDA), resolving matters relating to JPMorgan Chase s involvement with certain transactions involving Enron. In connection with the SEC settlement, the SEC alleged that JPMorgan Chase aided and abetted a securities fraud by Enron. JPMorgan Chase neither admitted nor denied the SEC s allegations but consented to relief sought by the SEC, including an order enjoining JPMorgan Chase from future violations of the antifraud provisions of the securities laws and requiring JPMorgan Chase to pay a total of $135 million, consisting of $65 million of disgorgement of revenues, $5 million of interest and $65 million of penalties. The agreement with the NYDA provided that neither JPMorgan Chase nor any of its officers or employees would be prosecuted by the NYDA and that JPMorgan Chase would pay a total of $27.5 million, consisting of $25 million in penalties and $2.5 million in reimbursement of expenses of the NYDA. JPMorgan Chase also committed to take certain measures to improve its handling of structured finance transactions. The agreement with the FRB and the NYSBD required JPMorgan Chase to adopt programs acceptable to the FRB and the NYSBD for enhancing JPMorgan Chase s management of credit risk and legal and reputational risk, particularly in relation to its participation in structured finance transactions.

3. In late September 2003, JPMSI and the SEC agreed to resolve matters relating to the SEC s investigation of JPMSI s IPO allocation practices during 1999 and 2000. The SEC alleged that JPMSI violated Rule 101 of SEC Regulation M in certain hot IPOs by attempting to induce certain customers to place aftermarket orders for IPO shares before the IPO was completed. Also, in the case of one IPO, the SEC alleged that JPMSI violated just and equitable principles of trade under NASD Conduct Rule 2110 by persuading at least one customer to accept an allocation of shares in a cold IPO in exchange for a promise of an allocation of shares in an upcoming IPO that was expected to be oversubscribed. JPMSI neither admitted nor denied the SEC s allegations, but consented to a judgment (entered October 1, 2003) enjoining JPMSI from future violations of Regulation M and NASD Conduct Rule 2110 and requiring JPMSI to pay a civil penalty of $25 million.

4. In February 2005, JPMSI consented, without admitting or denying the findings, to a censure and fine, by the SEC, the NYSE and the NASD relating to allegations that JPMSI violated the record-keeping requirements of the Securities Exchange Act of 1934, Rule 17A-4 thereunder, and other NASD and NYSE rules during the period July 1, 1999 to June 30, 2002 by failing to preserve for three years, and/or to preserve in an accessible place for two years, electronic mail communications received and sent by its employees that related to its business as a member of an exchange, broker, or dealer. A total fine of $2,100,000 was paid ($700,000 to the NASD; $700,000 to the NYSE; $700,000 to the SEC).

5. In March 2008, JPMorgan Chase and the SEC agreed to resolve matters relating to the SEC s investigation of JPMorgan Chase s and Bank One Corporation s conduct as asset-backed indenture trustees for certain special-purpose subsidiary programs (programs) of National Century Financial Enterprises, Inc. (NCFE), formerly a

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Dublin, Ohio healthcare financing company, during the approximate period 1999-2002. The SEC alleged, among other things, that at the instruction of NCFE, JPMorgan Chase and Bank One made transfers between reserve accounts in the programs that contradicted NCFE s representations to investors about how the reserve accounts would be used and contravened the requirements of the indentures governing the program. The SEC further alleged that JPMorgan Chase was a cause of NCFE s violations of Section 17(a)(3) of the Securities Act. JPMorgan Chase neither admitted nor denied the SEC s allegations, but consented to the issuance of a consent decree requiring JPMorgan Chase to cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act, and requiring JPMorgan Chase to pay disgorgement of $1,286,808.82 and prejudgment interest of $711,335.76.

6. In addition to the above matters, JPMorgan Chase and JPMSI have been involved in a number of other civil proceedings which concern matters arising in connection with the conduct of its business. Certain of such proceedings have resulted in findings of violations of federal or state securities laws. Each of these proceedings was settled by JPMorgan Chase and/or JPMSI consenting to the entry of an order without admitting or denying the allegations in the complaint. Such proceedings are reported and summarized in the JPMSI Form BD and JPMorgan Chase s periodic reports on Forms 8-K, 10-Q and 10-K filed with the SEC, and in other regulatory reports, which descriptions are hereby incorporated by reference.

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Schedule III

Transactions During the Past Sixty Days

Name	**Security**	**Purchase (P) / Sale (S)**	**Quantity**	**Price $**	**Trade Date**
JPMorgan Chase & Co.	BSC COMMON STOCK	P	11,500,000	12.2369	3/24/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	P	3,161	88.3481	2/5/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	S	3,002	86.8428	2/5/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	S	159	83.7343	2/6/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$100 BSC	P	188,000	4.1000	2/8/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$110 BSC	P	5,300	2.0000	2/8/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$85 BSC	P	48,000	8.9503	2/12/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$90 BSC	P	45,700	7.4000	2/12/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$110 BSC	P	14,500	1.6500	2/12/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$75 BSC	P	100,000	15.2000	2/15/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$75 BSC	P	230,700	13.6433	2/19/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	P	1,211	77.4857	3/5/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	S	1,211	78.0497	3/5/2008
J.P. Morgan Securities Inc.	CALL XUP JAN 09 @$80 BSC (09LPS)	P	216,100	12.5056	3/5/2008
J.P. Morgan Securities Inc.	CALL XUP JAN 09 @$80 BSC (09LPS)	S	56,900	3.0000	3/13/2008
J.P. Morgan Securities Inc.	CALL BVD APR 08 @$65 BSC	P	250,000	3.5400	3/13/2008
J.P. Morgan Securities Inc.	CALL BVD JUL 08 @$75 BSC	S	78,200	2.5765	3/13/2008
J.P. Morgan Securities Inc.	BSC COMMON STOCK	P	1,623	6.3900	3/20/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	13,970	89.0049	1/25/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	2,700	87.3296	1/25/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	8,265	91.1489	1/28/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	8,600	91.1431	1/28/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	4,600	92.0277	1/29/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	32,200	90.8600	1/29/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	16,391	89.3214	1/30/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	1,900	88.8974	1/30/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	3,416	90.6200	1/31/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	1,300	90.5354	1/31/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	27,479	90.5692	2/1/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	8,900	92.8359	2/1/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	5,951	91.0093	2/4/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	4,000	90.5956	2/4/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	23,769	86.4997	2/5/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	200,161	88.3824	2/5/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	5,135	82.5201	2/6/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	22,730	82.9255	2/6/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	16,456	83.0072	2/7/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	5,700	82.5663	2/7/2008

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J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	2,300	80.7296	2/8/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	9,600	80.6181	2/8/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	117,350	79.7257	2/11/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	4,000	78.0710	2/12/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	8,700	80.4575	2/13/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	12,065	80.6148	2/13/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	1,500	78.4033	2/14/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	6,300	78.6621	2/14/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	215,340	74.0394	2/15/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	11,492	82.5666	2/15/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	7,558	80.3054	2/19/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	8,760	79.7088	2/19/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	4,800	82.5627	2/20/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	8,705	82.1731	2/20/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	6,311	82.4851	2/21/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	500	82.5500	2/21/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	23,600	83.7393	2/22/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	40,077	83.2858	2/22/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	10,194	86.6238	2/25/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	73,814	86.7200	2/25/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	1,500	86.3040	2/26/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	31,115	113.7602	2/27/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	8,917	87.4672	2/27/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	2,548	84.2200	2/28/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	2,710	84.4531	2/28/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	31,907	80.0546	2/29/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	23,400	81.3060	2/29/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	1,500	76.8200	3/3/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	50,512	77.3043	3/3/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	3,000	77.0760	3/4/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	9,891	75.6511	3/4/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	22,834	75.8655	3/5/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	4,211	76.0601	3/5/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	7,925	69.9000	3/6/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	15,250	71.2993	3/6/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	12,530	69.4757	3/7/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	6,700	62.4693	3/10/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	25,400	63.6234	3/10/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	45,000	62.8492	3/11/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	18,517	63.2824	3/12/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	29,050	56.6736	3/13/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	15,245	55.9060	3/13/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	226,700	111.9862	3/14/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	59,330	37.2442	3/14/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	177,500	33.3427	3/17/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	52,500	109.4762	3/18/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	10,000	60.0000	3/19/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	78,135	6.3900	3/20/2008

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J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	S	43,045	17.8157	3/20/2008
J.P. Morgan Whitefriars Inc.	BSC COMMON STOCK	P	500	120.0000	3/24/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	10,000	89.3567	1/30/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	P	300	91.6700	2/4/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	145	89.2300	2/5/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	100	83.6300	2/6/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	5,000	82.6782	2/15/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	800	87.0625	2/27/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	600	84.8317	2/28/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	100	73.5100	3/6/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	S	500	69.8100	3/7/2008
J.P. Morgan Ventures Corporation	BSC COMMON STOCK	P	15,000	33.4149	3/14/2008