

Announcer:Ladies and gentleman, please welcome Megan Murphy, Washington Bureau Chief Bloomberg and Ursula Burns, chairman and CEO Xerox Corporation.

Megan:I'm a first timer here so I'm really excited that Fred asked me to conduct this discussion with someone I've never interviewed. But I have admired long from afar, not only for what you've accomplished as a business woman but just because you just always seem so cool. I watched a lot of old interviews of Ursula and it was amazing, the tenor you had. I want to start today with your recent trip to Cuba and you've been quite candid when you accompanied the president. You described it as a fact finding mission, but you've also been quite candid about some of the challenges for companies that are looking to go in there, that are looking to invest, that are looking to think about opportunities there. What are your takeaways both in the medium term and long term for Cuba and what companies like Xerox can look forward to and other internationals?

Ursula:It was actually very fascinating, everybody uses the word fascinating when they speak about Cuba, it was a fascinating trip. I think that the net, I'll put it in two different categories. One is there's a lot of work to do, I mean visually you can tell it when you arrive. Infrastructure is, infrastructure investments are lacking or just totally not present at all. Road infrastructure, IT infrastructure, it's just way back so we have to do a lot of work there. There is a kind of business ethos that many places have, that Cuba doesn't quite have yet. You'll have to do quite a bit of work to bring it up to par. Things like pool employees of a company you work for and the standard today in Cuba, they work for the Cuban government and then the Cuban government gives employees or provides employees to employers. It's not a method that we're very used to. Currency, gas, there's two different currencies, so there's a whole bunch of stuff on one side that seems pretty basic, that has to be improved fundamentally for business to start.

On the other side, there's a great foundation, there's a great foundation from an educational standpoint that's, that I think most people really don't understand. They are, the Cuban people in general are fairly well educated, they're hungry for learning and for investments to keep their businesses growing. They have a pretty good entrepreneurial spirit, I mean it's an amazing economy from that perspective. Many small entrepreneurs doing business that we would never even think of, from cooking to hairdressing to barbering to filling lighters, everything you can imagine to try to make a go of it in the economy and improve their lives. I think that there's a lot of foundation to build on but this is a place that we have to go way back in time to think about how do we get the infrastructure up.

Megan:In particular with that employer-employee relationship, do you think that is the biggest impediment right now or is it an infrastructure first and foremost?

Ursula:I think that the two, I think that it will be easier to fix the employer-employee relationship issue. It's basically an agreement with government, the infrastructure issue is time and investment. Just simple land lines, IT infrastructure, roads. It's a big undertaking I think for Cuba. The good news is that it's full of people, 12 million people who want to interact and engage, who want to consume, who want to do trade back and forth and it'll come. I do not believe it's going to come for a broad based IT industry very quickly. But for agriculture and for hospitality, I think it'll be faster. For a company like mine it'll be

some small, small steps and we'll get there. As I said in one of my interviews, capital is two things. One is lazy and it's a phrase of risk and there are lot of countries out there, over 150 of them that are looking for investment. Cuba's going to have to make itself more appealing to get aggressive investment.

Megan:Let's talk about someone who's not lazy and not afraid of risk, you also are involved in one of the buzy Washington events, which was just introduced, visit from Canada last month and you went to the state dinner.

Ursula:That was light lifting. Light lifting.

Megan:You also had a one on one with him and he talks a lot about not only retaining investment in Canada but growing and expanding FDI. What are your takeaways from that one on one sit down, which I think a lot of people given the moment would have been quite jealous of?

Ursula:By the way, he's quite charming, quite charming young man and very engaging. Xerox has been doing business in Canada for 60 years and we have almost a complete value chain in Canada. We have over 3,000 employees there, we have basic research. One of the few places in the world, we only have 5 places in the world that has basic research and Canada has had a basic research center from almost the beginning. They have an extremely talented work force, very diverse which helps us a lot because we do business all over the world. Very technically competent, it's a great leadership training ground for Xerox. More than just training ground we want a lot of global leaders through our community and operation because we operate as a country and Justin knew that. In our conversations with him, my conversation with him, he told me the Xerox story.

He knew how many employees we had, he knew that we had a research center and he knew that getting Xerox and companies like Xerox to feel really good about Canada was important for Canada. He's a, he struck me as a pretty good business man and a good prime minister. We are, we're full feet, dive in in Canada and it's not only because it's close, proximity helps. But so is Cuba, Cuba's close as well. Proximity helps but they want FDI, the want foreign directed investment, they want their employment to grow from the high tech, from innovation based. It's really a big deal and they have invested in diversity and education in places that most American companies value, so he's a, it's a good guy, it's a good set of people we have to the north of us. They're very very adept.

Megan:Let's touch on.

Ursula:And he's handsome, everybody got this handsome thing. He's not quite my type but he's a.

Megan:Let's touch on what Jillian and Larry were just discussing and not the Donald Trump talk, although I'd love to hear about that. Let's talk about trade and let's talk about it in, one of the things I think that's been surprising to me is, as a former banking and sort of economics person at the FT (Financial Times), and now in a political role at Bloomberg. Is just how much trade has come to dominate the political discourse this campaign cycle, but also just nationally. I'm curious about your thoughts, has this administration or politicians in general just failed to really get across to people the benefit of free trade, the value of trade. Has this debate just gotten away from people and that people cannot connect it with their everyday lives and they only can connect it in an almost negative way now that we see out on the trail every day.

Ursula:Right, I think this administration, let's start there and then we'll talk about trade in general, at least some of the facts from my perspective. For trade and then the general discourse which is generally not connected to anything real or, so start with this administration. I think just the opposite, they have been one of the most strident advocates for trade and I'm the chair of the presidents export council, I was the vice chair for a number of years and this administration and all of the cabinet officials in the administration has been amazing advocates. Actually putting their neck out for trade. Everything from funding the XM bank to having a export council to trade missions around the world, to TPP, to TAA. To all of the T words that are out there, they are strident staunch advocates and very willing to go out on the edge and ask business to go out on the edge as well for trade.

It's required, I call it a simple, so that's first. I think this administration has done well but it's kind of hard to yell over a whole bunch of people yelling. You know, you just add your noise to a whole bunch of other noise, but I think that being careful and mindful about when you speak and how you speak is important. Particularly in this season because you can waste a whole bunch of words on, just waste a whole lot of words. I think maybe doing some of that. Trade, I call it a simple math problem. You have 300 million people in the United States, there are 7 or so billion people outside of the United States. Seems kind of simple to me, I would like to sell as much of the stuff, the value that we have, the values that we have. The method of doing business, the rule of law, the everything that we can because I do believe it is a good fundamental base to build of just world economy on.

We have things to improve don't get me wrong, but I think this is a good base to start, so trade is about not only selling goods. It's also selling a way of doing business, a way of life. We have 300 million, 7 billion, I think it's probably not the best idea in the world to build a lock around the 300 million. A lot more people out there than in here.

Megan:You talked your role there as the chair of the export council, I watched an old interview of yours where you said one of the difficulties that you found with that role was getting beyond sometimes the photo ops and getting beyond the things you have to do to make the real change to drive the substantive issues that you want to do. Tell me how you've adapted, you were the vice chair now you're the chair, how you've done that, the getting beyond the photo op.

Ursula:Jim and I, Jim McNerney who was the past CEO of Boeing and new Artie Sorenson who is the vice chair and the president and the secretary of commerce talk a lot about this in the beginning. We'd be engaged if we could actually do something versus stand around and look like we're doing something but actually do nothing. The president was all for it, Penny, one of the best secretary of commerce I've ever met, she's pretty spectacular. All for it, and it's about work, doing work. We have process where we write letters to the president on recommendations. Everything from from funding, the export import people, really this is not, this can't be the biggest mental challenge here for us to be actually dealing with. We have real problem, this is not one of them, let's just get past it. Things like that, to support TPP, to trade assistance, trade adjustment assistance for workers.

Everything you can imagine, from tourism to agriculture, et cetera. Study deeply issues that the administration is dealing with and give them a point of view and that point of view, which facts and data. Not just an

opinion but a point of view with facts and data that actually will drive increased exports, which is one of the fundamental things. But do it in such a way that's environmentally friendly, that is societally friendly, that's values friendly. That's what export council has been doing and I'm really please that the president and the administration has said, yeah this is not going to be just a photo op. Let's start doing some stuff, let's work and he comes and we debate and we get down to a point where not everything that we suggest or recommend is adopted. But at least it's listened to.

Megan:When we think about one of the themes that's been discussed a lot today about sort of navigating these broader challenges. Not just this current environment on trade I'm pushing that. Why are you positioning your own company to navigate some of the headwinds you've discussed. I mean Larry was just talking about his 1 in 3 recession degradation. [inaudible 00:12:48]. How are you positioning Xerox, what do you see is the biggest threat right now, not only here but globally when we see what's going on in China or we see what's going on?

Ursula:One of the things that we realized over time in Xerox and I'm going to get to then broader outside of Xerox, is that being fit and focused for are pretty varying set of headwinds around the world is important. We're focused on literally having expert teams precisely focused on markets and we're going to organize our company in the future that way. To even be more precisely aligned, we're separating into two. But we found that averaging is not necessarily good and I think that many business are finding that. You have to literally have focused expert teams attacking everything from opportunities that are pretty big but very complicated in China. To opportunities that are a little smaller and a different set of complications in North America et cetera.

We are I think being fit and focused on opportunities as important import and export teams. One of the things that we don't spend a lot of time on is an external headwinds. They're kind of going up and they're kind of going down, what I've decided we should spend a lot more time on having the United States structured in a business ready format. This is one of the reasons why I'm so passionate about the export council. Because there's a lot of people outside trying to dance, to figure out a way to make their countries or their companies the best, the more attractive foreign investments. I think the most important thing that we can do, I can do at Xerox and the administration can do, is make sure our field is ready for our players to play the best game.

One of the things that I don't believe that we're doing really that well is to assure that our field in the United States. Tax laws, trade laws, immigration laws, prison laws. Our field has to be the best set so that when we actually play, at least at home, that we have a good chance to win. I'm on the United States Olympic Committee board, one of my many, I thought it would be easy. I thought it would be easy for us and it's interesting, whatever country hosts the Olympics has a 30% increase in the number of medals that they win. It's not because the judges are cheating, it's because home field advantage is a big deal and I think we have to have. We have to be sure that we first look here and make sure that we have a set of rules that allow American companies to play well here but also abroad and that's where I spend a lot of my time now.

Because it's not about going to China and talking to China, it's about going here, why don't we have a tax code that actually is enabling of business.

I don't mean makes it easy or gives it away. Why we have a set of immigration codes that makes it easy for us to get new American, who are value creating Americans et cetera, et cetera. Those are the things that I focus more on.

Megan:I can't believe this but I only have time for one more question and it's going to be about you.

Ursula:Oh no, don't do this.

Megan:I think probably a lot of people know this, that you started as an intern, you're a mechanical engineer, you've been there for 36 years. Given what's going on right now there's been a lot of speculation about your future and I don't expect you to comment on your future. But I am curious about is.

Ursula:That's good.

Megan:Because I know you're not going to answer. I am curious about what you see as your legacy and what you want to leave not only to this world, not only in terms of the administration. To other women, to other girls who might be coming up, who look at people. Want to become an engineer, want to come through IT et cetera, what do you want to leave behind?

Ursula:You know I'm still working on this a little bit, because every time I think I have it something else presents itself and I say I should add that. The one thing I know for sure is have very few people question is whether I had the right spirit and I worked really hard. What I mean by the right spirit, often times and you can hear it in some of the political discourse. This conversation is about I did what was right for me, it was all about me. I learned early at work is it had so little to do about me, it had so much more to do about the other people. By the way, it comes back if you do it that way and I wanted to make sure at Xerox and I want to make sure when I interact with anyone, but in Washington. That it's not all about me, it's trying to get to a good answer and if we can get to a good answer for a broader set of people then it will eventually be good for me as well.

I really am focusing on that and that's why things like STEM education is an important thing. It is an enabler for a better future, it's a long haul thing, you can't make an engineer. You're not born and then there's one. We know if you invest a little bit of time and it's generally background time not famous time. It's generally enabling time not famous time, it's breaking the rock time not famous time. If you do all that then over the years you may actually be able to look back and go, yeah this was a good thing, a good time to be on the earth and I left behind more than I took away. One of my mothers favorite sayings, so that's what I want to do, leave behind more than I take away.

Megan:Thank you so much, this has been a fascinating discussion, thank you so much.