Second Quarter 2016

Earnings Presentation

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Chairman & CEO

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Chief Financial Officer (Interim)

July 29, 2016

Forward Looking Statements

This presentation contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations, including with respect to the proposed separation of the Business Process Outsourcing ("BPO") business from the Document Technology and Document Outsourcing business, the expected timetable for completing the separation, the future financial and operating performance of each business, the strategic and competitive advantages of each business, future opportunities for each business and the expected amount of cost reductions that may be realized in the cost transformation program, and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the United States and in the foreign countries in which we do business; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that our bids do not accurately estimate the resources and costs required to implement and service very complex, multi-year governmental and commercial contracts, often in advance of the final determination of the full scope and design of such contracts or as a result of the scope of such contracts being changed during the life of such contracts; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; service interruptions; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions and the relocation of our service delivery centers; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems; the risk in the hiring and retention of qualified personnel; the risk that unexpected costs will be incurred; our ability to recover capital investments; the risk that our Services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts; the collectability of our receivables for unbilled services associated with very large, multi-year contracts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; our ability to expand equipment placements; interest rates, cost of borrowing and access to credit markets; the risk that our products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives; the outcome of litigation and regulatory proceedings to which we may be a party; the possibility that the proposed separation of the BPO business from the Document Technology and Document Outsourcing business will not be consummated within the anticipated time period or at all, including as the result of regulatory, market or other factors; the potential for disruption to our business in connection with the proposed separation; the potential that BPO and Document Technology and Document Outsourcing do not realize all of the expected benefits of the separation; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 and our 2015 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”). Such factors also include, but are not limited to, the factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section and other sections of the Conduent Incorporated Form 10 Registration Statement filed with the SEC. Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

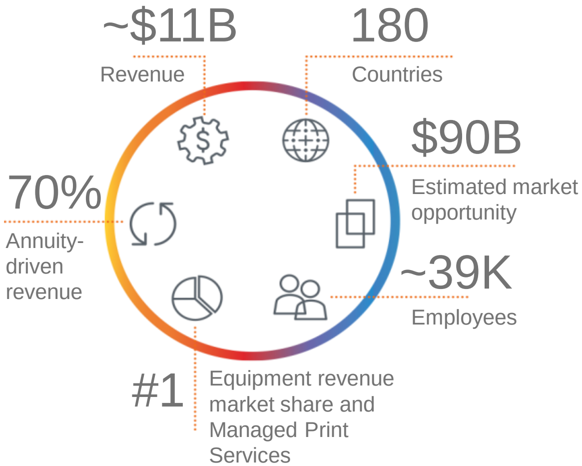
Strategic Transformation and Separation Update

A New Path Forward

Separation to create two market-leading public companies

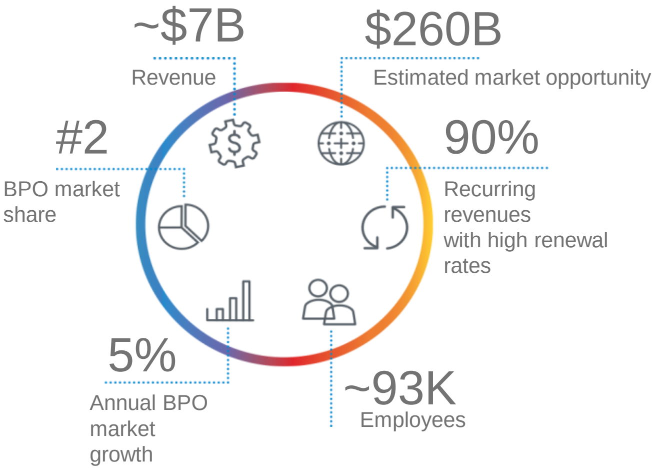
Xerox

Global leader in document management and document outsourcing with superior technology, solutions and innovation capabilities



Conduent Incorporated

A business process services leader with deep industry expertise, market-leading automation solutions and global delivery excellence



Implementing three-year Strategic Transformation program

Targeting $2.4B in cost savings to deliver greater agility and competitiveness to both companies

Note: Represents full-year revenue as of December 31, 2015 and employee count as of June 30, 2016

New Path Forward Progress

On track to complete separation and achieve \$700M in annualized savings by year-end 2016

Completed critical separation milestones in Q2

- Named CEOs for both companies, remaining key leadership positions are being filled
- Initial Form 10 registration statement filed on June 30th
- Announced Conduent Incorporated as BPO company name and Xerox Corporation as Doc Tech company name

Separation-related costs fully scoped and scaled

- **Separation costs:** refined our range down by \$25 to \$50M, now expect \$175 to \$200M in pre-tax separation costs
- **Tax-related separation costs:** expect \$40 to \$50M
- **Dis-synergies:** expect \$40 to \$50M in 2017; more than offset by savings from cost transformation program

Strategic transformation program on-track

- Benefits ramping

Second-Quarter Earnings

Second-Quarter Overview

EPS exceeds guidance; reflects progress on profitability

EPS: GAAP[1] 15 cents, up 6 cents YOY; adjusted[2] 30 cents, up 7 cents YOY

Total revenue: $4.4B, down 4%

Services: revenue down 2% or 1% CC[2]; margin 9.6%

- Growth continues in Document Outsourcing (DO), Business Process Outsourcing (BPO) revenue declined
- Strong margin performance: up 190 bps sequentially, 240 bps YOY

Document Technology: revenue down 7% or 6% CC[2]; margin 12.6%

- Revenue trend improved; within FY target of down 5 to 7% CC[2]
- Good progress on margin: up 240 bps sequentially, 10 bps YOY

Operating margin[2]: 9.3%, up 80 bps YOY

Operating cash flow: $177M

[1]GAAP EPS from Continuing Operations

[2]Adjusted EPS, Constant Currency (CC) and Operating Margin: see Non-GAAP Financial Measures

Earnings

(in millions, except per share data)	Q2 2016	B/(W) YOY	Comments
Revenue	$ 4,385	$ (205)	
Adjusted Gross Margin[1]	31.4%	0.2 pts	
Adjusted RD&E[1]	$ 122	$ 19	
Adjusted SAG[1]	$ 848	$ 53	
Adjusted Operating Income[1]	**$ 409**	**$ 21**	Strong performance, reflects benefits from strategic transformation actions
Operating Income % of Revenue	9.3%	0.8 pts	
Adjusted Other, net[1]	$ 58	$ 15	
Equity Income	$ 22	$ (7)	
Adjusted Tax Rate[1]	17.8%	7.5 pts	Lower due to favorable audit resolution; 3 cent YOY benefit
Adjusted Net Income – Xerox[1]	**$ 311**	**$ 47**	
Adjusted EPS[1]	**$ 0.30**	**$ 0.07**	Guidance range $0.24 - $0.26
GAAP EPS[2]	**$ 0.15**	**$ 0.06**	

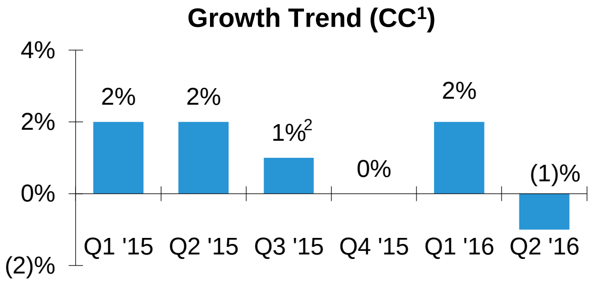
[1]Adjusted Measures: see Non-GAAP Financial Measures
[2]GAAP EPS from Continuing Operations

Services Segment

(in millions)	Q2 2016	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$2,470	(2)%	(1)%
Segment Profit	$236	30%	
Segment Margin	9.6%	2.4 pts	

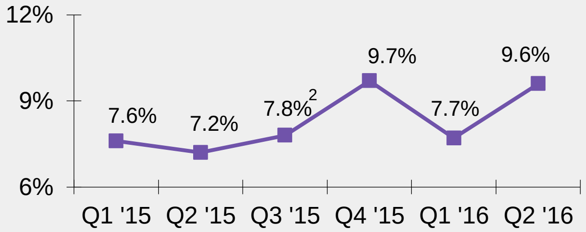
Revenue

- DO up 1%, 2% CC[1]
- BPO down 4%, 3% CC[1]
- BPO/DO renewal rate of 82%



Margin

- Margin up 240 bps YOY with broad based margin improvement
- BPO increase driven by Healthcare and Public Sector
- DO remains strong; up modestly YOY



Contract Signings CC[1]

- Strong TCV renewals were offset by lower new business
- New Business TCV down 56% YOY driven by New York MMIS in prior year

	Q2	YOY Growth	TTM Growth
BPO	$2.2	(7)%	4%
DO	$0.7	(8)%	(4)%
Total	**$2.9B**	**(7)%**	**2%**

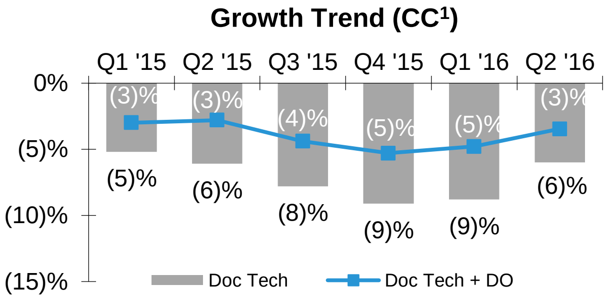
[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]Adjusted for the Q3 2015 Health Enterprise (HE) charge
Note: BPO results are not equivalent to Conduent results in the carve-out financials

Document Technology Segment

(in millions)	Q2 2016	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$1,752	(7)%	(6)%
Segment Profit	$221	(6)%	
Segment Margin	12.6%	0.1 pts	

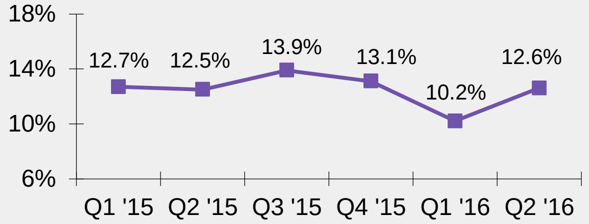
Revenue

- Revenue decline moderates and within full-year target range
- Printing revenue down 3% at CC[1] including Document Outsourcing
- Equipment share leader for 26 straight quarters



Margin

- Good progress on margin
- Reflects benefits of recent cost actions and productivity improvements



Equipment Installs[2,3]

- Good growth in High End and Mid-Range color
- Entry install declines driven by developing markets

	Color	B&W
High-End	14%	(21)%
Mid-Range	6%	(14)%
Entry A4 MFDs	(9)%	2%

[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]High-end installs exclude digital front end sales
[3]Entry installs exclude OEM sales, including OEM sales Color A4 MFDs up 74%, B&W A4 up 28%

Cash Flow

Operating cash flow source of cash of $177M; strong ending cash balance

(in millions)	Q2 2016
Net Income	$ 158
Depreciation and amortization	278
Restructuring and asset impairment charges	63
Restructuring payments	(37)
Contributions to defined benefit pension plans	(35)
Inventories	7
Accounts receivable and Billed portion of finance receivables[1]	(9)
Accounts payable and Accrued compensation	(125)
Equipment on operating leases	(68)
Finance receivables[1]	28
Other	(83)
Cash from Operations	**$ 177**
Cash from Investing	**$ (67)**
Cash from Financing	**$ (87)**
Change in Cash and Cash Equivalents	14
Ending Cash and Cash Equivalents	**$ 1,203**

Operating Cash Flow of $177M

$62M of HE settlement payments and $11M of separation payments

Accounts payables a use of cash reflecting lower purchases

CAPEX $73M

Common Stock Dividends $78M

[1]Accounts receivable includes collections of deferred proceeds from sales of receivables and finance receivables includes collections on beneficial interest from sales of finance receivables

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Capital Structure and Allocation

Solid capital structure and cash flow generation support shareholder returns

Financing and Leverage

- Value proposition includes leasing of Xerox equipment
- Maintain 7:1 debt to equity leverage ratio on these finance assets

	Q2 2016	
(in billions)	Fin. Assets	Debt
Financing	$ 4.4	$ 3.9
Core	-	3.5
Total Xerox	$ 4.4	$ 7.4

Capital Allocation

- Over 10% average annual dividend increase over the past 3 years
- More than 70% of Free Cash Flow returned to shareholders through share repurchase and dividends since 2011
- Shares outstanding down ~350M since 2011

Core debt level managed to maintain investment grade rating

Over half of Xerox debt supports finance assets

Increased common dividend 11% with the April 30th distribution

2016 Guidance Unchanged

		2016
Revenue Growth @ CC[1]		Down 2 - 4%
Services	Revenue Growth @ CC[1]	Flat to up 3%
	Segment Margin	8% - 9.5%
Document Technology	Revenue Growth @ CC[1]	Down 5 - 7%
	Segment Margin	12% - 14%
GAAP EPS[2]		$0.45 - $0.55
Adjusted EPS[1]		$1.10 - $1.20
Operating Cash Flow (OCF)		$950M - $1.2B
CAPEX		~$350M
Free Cash Flow[1] (FCF)		$600M - $850M

Maintaining full-year earnings and cash flow guidance

Capital Allocation guidance unchanged

- Dividends: ~$350M
- Acquisitions: ~$100M
- Debt Repayment: Balance of free cash flow
  - As previously communicated, no share repurchase planned

Q3 Guidance

- GAAP EPS of $0.14 to $0.16
  - Includes ~$40M of pre-tax restructuring
- Adjusted EPS of $0.26 to $0.28

[1]Constant Currency (CC), Adjusted EPS and Free Cash Flow: see Non-GAAP Financial Measures
[2]GAAP EPS from Continuing Operations

Summary

Strong second-quarter results

- Earnings up YOY and above guidance
- Services segment margin above full-year range
- Document Technology revenue trend and margin improved
- Cash flow on-track for full-year

Confident delivering 2016 commitments

- Well positioned to deliver full-year guidance
- Strategic transformation program progressing, beginning to realize cost savings
- Separation process on track for year-end

Appendix

Revenue Trend

(in millions)	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY**	2016 Q1	2016 Q2	2016 YTD
Total Revenue	**$4,469**	**$4,590**	**$4,449**	**$4,653**	**$18,161**	**$4,281**	**$4,385**	**$8,666**
Growth	*(6)%*	*(7)%*	*(7)%*	*(8)%*	*(7)%*	*(4)%*	*(4)%*	*(4)%*
CC[1] Growth	*(2)%*	*(2)%*	*(3)%*	*(4)%*	*(3)%*	*(3)%*	*(4)%*	*(3)%*
Annuity	**$3,845**	**$3,871**	**$3,781**	**$3,883**	**$15,380**	**$3,721**	**$3,710**	**$7,431**
Growth	*(5)%*	*(7)%*	*(7)%*	*(7)%*	*(6)%*	*(3)%*	*(4)%*	*(4)%*
CC[1] Growth	*(1)%*	*(2)%*	*(2)%*	*(4)%*	*(2)%*	*(2)%*	*(3)%*	*(2)%*
Annuity % Revenue	**86%**	**84%**	**85%**	**83%**	**85%**	**87%**	**85%**	**86%**
Equipment	**$624**	**$719**	**$668**	**$770**	**$2,781**	**$560**	**$675**	**$1,235**
Growth	*(13)%*	*(8)%*	*(11)%*	*(10)%*	*(10)%*	*(10)%*	*(6)%*	*(8)%*
CC[1] Growth	*(7)%*	*(2)%*	*(7)%*	*(6)%*	*(6)%*	*(9)%*	*(5)%*	*(7)%*

*Including HE charge, 3Q15 reported total revenue of $4,333 down 10% or 5% CC; reported annuity revenue of $3,665 down 9% or 5% CC
**Including HE charge, FY15 reported total revenue of $18,045 down 8% or 3% CC; reported annuity revenue of $15,264 down 7% or 3% CC
[1]Constant currency: see Non-GAAP Financial Measures

Segment Revenue Trend

(in millions)	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY**	2016 Q1	2016 Q2	2016 YTD
Services	**$2,467**	**$2,526**	**$2,483**	**$2,602**	**$10,078**	**$2,482**	**$2,470**	**$4,952**
Growth	*(2)%*	*(2)%*	*(3)%*	*(3)%*	*(3)%*	*1%*	*(2)%*	*(1)%*
CC[1] Growth	*2%*	*2%*	*1%*	*Flat*	*1%*	*2%*	*(1)%*	*Flat*
Document Technology	**$1,830**	**$1,880**	**$1,778**	**$1,877**	**$7,365**	**$1,639**	**$1,752**	**$3,391**
Growth	*(10)%*	*(12)%*	*(12)%*	*(13)%*	*(12)%*	*(10)%*	*(7)%*	*(9)%*
CC[1] Growth	*(5)%*	*(6)%*	*(8)%*	*(9)%*	*(7)%*	*(9)%*	*(6)%*	*(7)%*
Other	**$172**	**$184**	**$188**	**$174**	**$718**	**$160**	**$163**	**$323**
Growth	*(20)%*	*(20)%*	*(7)%*	*(11)%*	*(15)%*	*(7)%*	*(11)%*	*(9)%*
CC[1] Growth	*(18)%*	*(18)%*	*(3)%*	*(9)%*	*(12)%*	*(4)%*	*(10)%*	*(7)%*

*Including HE charge, Q3 reported Services revenue of $2,367 down 8% or 4% CC
**Including HE charge, FY reported Services revenue of $9,962 down 4% or flat CC
[1]Constant currency: see Non-GAAP Financial Measures

Form 10 Highlights

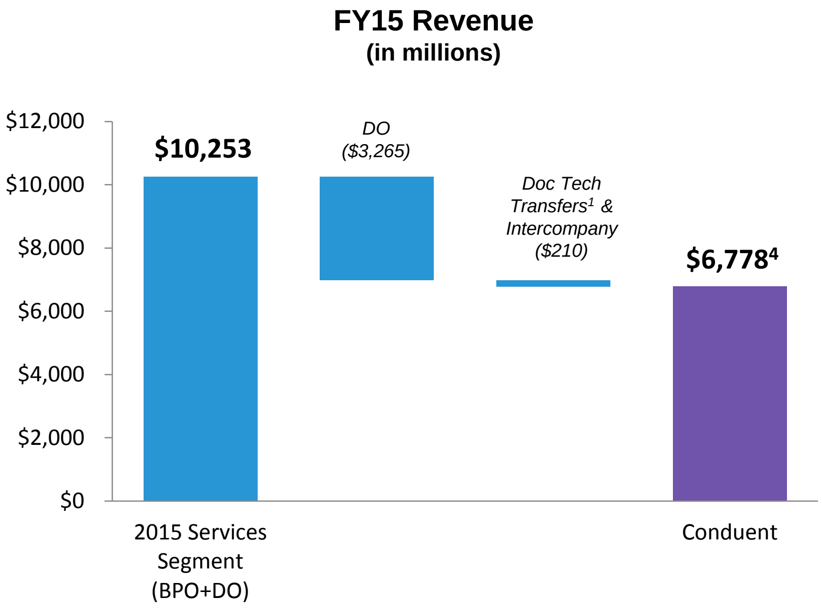
Information included in the current filing:

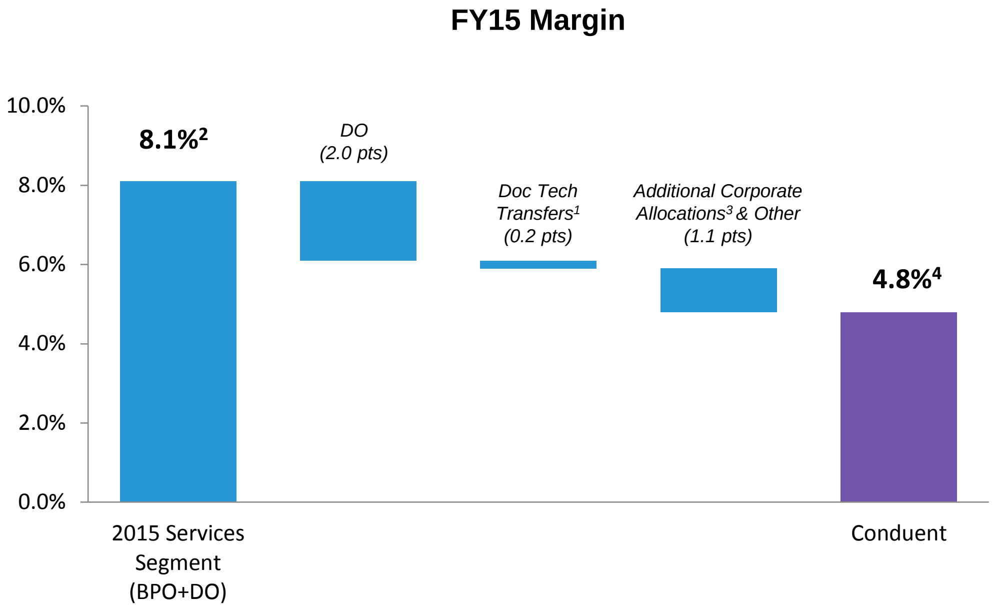
- Business overview, risk factors, executive compensation
- Historical carve-out financials for Conduent
    - May not reflect Conduent's results had it been a standalone company during the periods presented.
    - Include a greater level of general corporate expenses that were not historically charged to the BPO business

Additional details we will include in subsequent amendments:

- Pro-forma financials
- Capital structure
- Conduent's board of directors

Services Segment to Conduent Walk





Note: Figures exclude HE charge

[1]Doc Tech Transfers include a portion of Communication & Marketing Services (CMS) & Document Transaction Processing Services (DTPS), which will become part of new Xerox, partially offset by intercompany revenue of $53M, which will be recognized at Conduent.

[2]2015 Services segment profits include $87M of corporate allocations for Conduent.

[3]Includes an additional $83M of corporate costs to get to a full allocation* of corporate costs to Conduent.

[4]As reported in Conduent Form 10 filed June 30, 2016.

*Determined based on carve-out specific rules for the purposes of Conduent's U.S. GAAP financial statements

Non-GAAP Financial Measures

Non-GAAP Financial Measures

NOTE: In 2016 we revised our calculation of Adjusted Earnings Measures to exclude the following items in addition to the amortization of intangibles:

- Restructuring and related costs including those related to Fuji Xerox
- The non-service related elements of our defined benefit pension and retiree health plan costs (retirement related)
- Separation costs

When these measures are presented in 2016, the prior year measures will be revised accordingly to conform to the changes.

"Adjusted Earnings Measures": To better understand the trends in our business, we believe it is necessary to adjust the following amounts determined in accordance with GAAP to exclude the effects of certain items as well as their related income tax effects.

- Net income and Earnings per share (EPS)
- Effective tax rate
- Gross margin, RD&E and SAG (adjusted for non-service retirement related costs only)

The above measures were adjusted for the following items:

Amortization of intangible assets. The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

Non-GAAP Financial Measures

Restructuring and related costs: Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program beyond those normally included in restructuring and asset impairment charges. Restructuring consists of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment includes costs incurred for those assets sold, abandoned or made obsolete as a result of our restructuring actions, exiting from a business or other strategic business changes. Additional costs for our strategic transformation program are primarily related to the implementation of strategic actions and initiatives and include third-party professional service costs as well as one-time incremental costs. All of these costs can vary significantly in terms of amount and frequency based on the nature of the actions as well as the changing needs of the business. Accordingly, due to that significant variability, we will exclude these charges since we do not believe they provide meaningful insight into our current or past operating performance nor do we believe they are reflective of our expected future operating expenses as such charges are expected to yield future benefits and savings with respect to our operational performance.

Non-service retirement related costs: Our defined benefit pension and retiree health costs include several elements impacted by changes in plan assets and obligations that are primarily driven by changes in the debt and equity markets as well as those that are predominantly legacy in nature and related to employees who are no longer providing current service to the Company (e.g. retirees and ex-employees). These elements include (i) interest cost, (ii) expected return on plan assets, (iii) amortized actuarial gains/losses and (iv) the impacts of any plan settlements/curtailments. Accordingly, we consider these elements of our periodic retirement plan costs to be outside the operational performance of the business or legacy costs and not necessarily indicative of current or future cash flow requirements. Adjusted earnings will continue to include the elements of our retirement costs related to current employee service (service cost and amortization of prior service cost) as well as the cost of our defined contribution plans.

Separation costs: Separation costs are expenses incurred in connection with Xerox's planned separation into two independent, publicly traded companies. Separation costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services related to the separation transaction as well as costs associated with the operational separation of the two companies, such as those related to human resources, brand management, real estate and information management to the extent not capitalized. Separation costs also include the costs associated with bonuses and restricted stock grants awarded to employees for retention through the separation as well as incremental income tax expense related to the reorganization of legal entities and operations in order to effect the legal separation of the Company. These costs are incremental to normal operating charges and are being incurred solely as a result of the separation transaction. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.

Non-GAAP Financial Measures

"Operating Income/Margin": We also calculate and utilize operating income and margin earnings measures by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the costs noted for our Adjusted Earnings measures, operating income and margin also exclude Other expenses, net. Other expenses, net is primarily comprised of non-financing interest expense and also includes certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

"Constant Currency": To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as "constant currency." In 2016 we revised our calculation of the currency impact on revenue growth, or constant currency revenue growth, to include the currency impacts from the developing market countries (Latin America, Brazil, Middle East, India, Eurasia and Central-Eastern Europe), which had been previously excluded from the calculation. As a result of economic changes in these markets over the past few years, we currently manage our exchange risk in our developing market countries in a similar manner to the exchange risk in our developed market countries, and therefore, the exclusion of the developing market countries from the calculation of the currency effect is no longer warranted. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

"Free Cash Flow": To better understand trends in our business, we believe that it is helpful to adjust cash flows from operations to exclude amounts for capital expenditures including internal use software. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase. It is also used to measure our yield on market capitalization.

Management believes that all of these non-GAAP financial measures provide an additional means of analyzing the current period's results against the corresponding prior period's results. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures.

A reconciliation of these non-GAAP financial measures and the most directly comparable measures calculated and presented in accordance with GAAP are set forth on the following slides.

Q2 GAAP EPS to Adjusted EPS Track

(in millions, except per share amounts)	Three Months Ended June 30, 2016 Net Income	Three Months Ended June 30, 2016 Diluted EPS	Three Months Ended June 30, 2015 Net Income	Three Months Ended June 30, 2015 Diluted EPS
As Reported [(1)]	$ 155	**$ 0.15**	$ 107	**$ 0.09**
Amortization of intangible assets	78		79	
Restructuring and related costs - Xerox	71		157	
Non-service retirement related costs	32		10	
Separation costs	28		-	
Income tax on adjustments [(2)]	(80)		(90)	
Tax related separation costs [(2)]	26		-	
Restructuring charges - Fuji Xerox	1		1	
Adjusted - revised	$ 311	**$ 0.30**	$ 264	**$ 0.23**
Weighted average shares - adjusted EPS [(3)]		1,049		1,132
Fully diluted shares at end of period [(4)]		1,049		

(1) Net income and EPS from continuing operations attributable to Xerox.

(2) Refer to Effective Tax Rate reconciliation.

(3) Average shares for the calculations of adjusted EPS include 27 million of shares associated with our Series A convertible preferred stock and therefore the related quarterly dividend of $6 million was excluded.

(4) Represents common shares outstanding at June 30, 2016 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share for the second quarter 2016.

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GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share	
	Q3 2016	FY 2016
GAAP EPS from Continuing Operations	$0.14 - $0.16	$0.45 - $0.55
Non-GAAP Adjustments	$0.12	$0.65
Adjusted EPS	$0.26 - $0.28	$1.10 - $1.20

Note: Adjusted EPS guidance excludes amortization of intangible assets, restructuring and related costs, non-service retirement related costs and separation costs.

Q2 Adjusted Operating Income/Margin

(in millions)	Three Months Ended June 30, 2016 Profit	Revenue	Margin	Three Months Ended June 30, 2015 Profit	Revenue	Margin
Reported Pre-tax Income[1]	**$ 145**	**$ 4,385**	**3.3%**	**$ 74**	**$ 4,590**	**1.6%**
Adjustments:						
Amortization of intangible assets	78			79		
Restructuring and related costs - Xerox	71			157		
Non-service retirement-related costs	32			10		
Separation costs	28			-		
Other expenses, net	55			68		
Adjusted Operating Income/Margin	**$ 409**	**$ 4,385**	**9.3%**	**$ 388**	**$ 4,590**	**8.5%**

(1) Profit and revenue from continuing operations

Q2 Adjusted Other, Net

(in millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015
Other expenses, net - Reported	**$ 55**	**$ 68**
Adjustments:		
Net income attributable to noncontrolling interests	3	5
Other expenses, net - Adjusted	**$ 58**	**$ 73**

Q2 Adjusted Effective Tax Rate

(in millions)	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax (Benefit) Expense	Effective Tax Rate
Reported[1]	**$ 145**	**$ 9**	**6.2%**	**$ 74**	**$ (9)**	**(12.2)%**
Non-GAAP Adjustments[2]	209	80		246	90	
Tax related separation costs	-	(26)		-	-	
Adjusted - revised [3]	**$ 354**	**$ 63**	**17.8%**	**$ 320**	**$ 81**	**25.3%**

(1) Pre-Tax Income and Income Tax (Benefit) Expense from continuing operations.
(2) Refer to Net Income/EPS reconciliation for details. Amounts exclude Fuji Xerox restructuring as these amounts are net of tax.
(3) The tax impact on Adjusted Pre-Tax Income from continuing operations is calculated under the same accounting principles applied to the As Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.

Q2 Services Revenue Breakdown

(in millions)	Three Months Ended June 30, 2016		Three Months Ended June 30, 2015		% Change	CC % Change
Business Process Outsourcing	$	1,630	$	1,693	(4%)	(3%)
Document Outsourcing		840		833	1%	2%
Total Revenue - Services	**$**	**2,470**	**$**	**2,526**	(2%)	(1%)

Note: The above table excludes intercompany revenue.

Q2 Adjusted Key Financial Ratios

	Three Months Ended June 30,					
	Reported			Adjusted (1)		
	2016	2015	B/(W)	2016	2015	B/(W)
Total Gross Margin	31.2%	31.1%	0.1 pts.	31.4%	31.2%	0.2 pts.
RD&E as a % of Revenue	2.9%	3.1%	0.2 pts.	2.8%	3.1%	0.3 pts.
SAG as a % of Revenue	19.7%	19.7%	- pts.	19.3%	19.6%	0.3 pts.

(1) See “Non-GAAP Financial Measures” section for an explanation of the Non-GAAP financial measures.

Q2 Gross Margin, RD&E and SAG Reconciliation

(in millions)	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	As Reported(1)	Non-service retirement-related costs	Adjusted	As Reported(1)	Non-service retirement-related costs	Adjusted
Gross Profit	$ 1,367	$ 12	$ 1,379	$ 1,426	$ 4	$ 1,430
RD&E	128	(6)	122	142	(1)	141
SAG	862	(14)	848	906	(5)	901
Gross Margin	31.2%		31.4%	31.1%		31.2%
RD&E as % of Revenue	2.9%		2.8%	3.1%		3.1%
SAG as % of Revenue	19.7%		19.3%	19.7%		19.6%

(1) Revenue and costs from continuing operations.