

Earnings Presentation

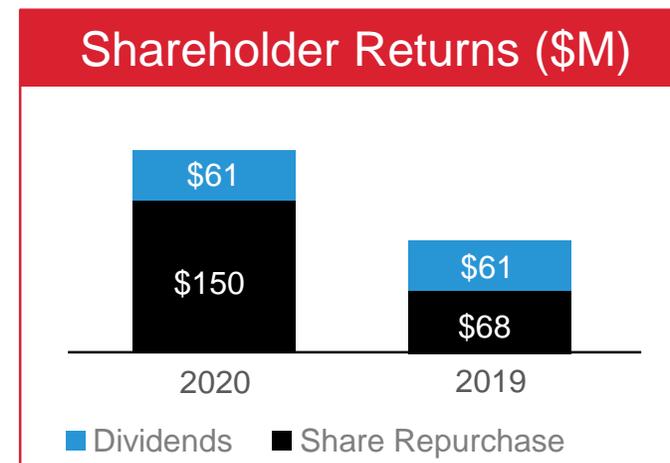
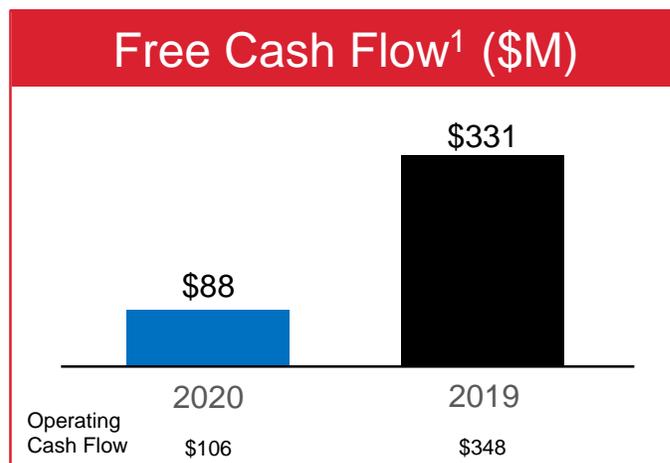
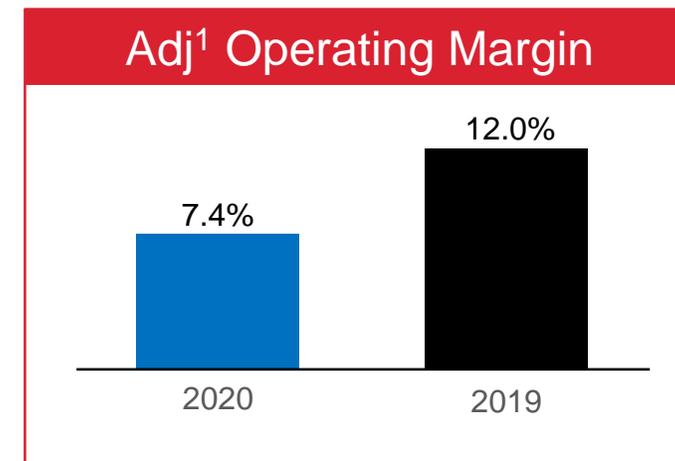
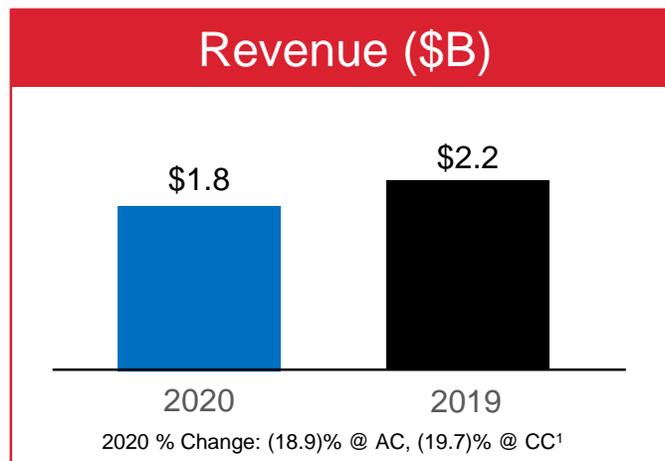
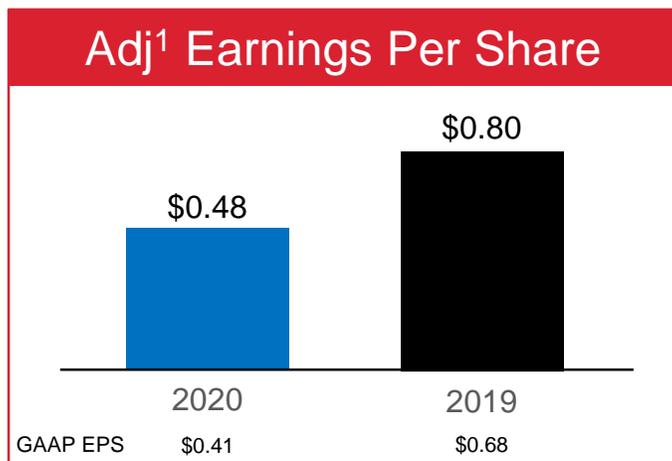
Q3 2020 RESULTS | OCTOBER 27, 2020

Forward-Looking Statements

This presentation, and other written or oral statements made from time to time by management contain “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “will”, “should”, “targeting”, “projecting”, “driving” and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: the effects of the COVID-19 pandemic on our and our customers’ businesses and the duration and extent to which this will impact our future results of operations and overall financial performance; our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; 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 partners, subcontractors and software vendors will not perform in a timely, quality manner; 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; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; and the shared services arrangements entered into by us as part of Project Own It. Additional risks that may affect Xerox’s operations 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 Xerox Holdings Corporation’s and Xerox Corporation’s 2019 Annual Report on Form 10-K, as well as in Xerox Holdings Corporation’s and Xerox Corporation’s Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

These forward-looking statements speak only as of the date of this presentation or as of the date to which they refer, and 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.

Q3 2020 Key Financial Measures



NOTE: The financial results presented in these slides are from continuing operations and exclude the results of Fuji Xerox equity income and XIP, which are presented as discontinued operations.

¹ Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measures.

Strategic Initiatives to Transform Xerox



Optimize operations for simplicity

- Continuously improve operating model for greater efficiency
- Further optimize the supply chain and supplier competitiveness
- Leverage digital technologies to make it easier to work with Xerox



Drive revenue

- Enhance the customer experience
- Expand integrated solutions comprised of hardware, software and services
- Focus on driving growth within the SMB



Re-energize the innovation engine

- Invest in growing market segments such as AI and IoT
- Leverage software capabilities to launch new services
- Monetize new innovations



Focus on cash flow and increasing capital returns

- Maximize cash flow generation
- Return at least 50% of free cash flow to shareholders
- Focus on ROI and internal rate of return to make capital allocation decisions

xerox™ Frequently Asked Questions

Do you expect long-term impacts to your business as a result of the COVID-19 pandemic?

The next stages of COVID-19 and its continuing economic impact remain unclear.

As more businesses re-opened in Q3, we saw print volumes and demand for printing devices increase compared to Q2 – a sign pre-pandemic behaviors resume as people return to the workplace.

We expect demand for a more hybrid work experience to continue and require technologies that increase productivity while maintaining security.

Investments in Digital Services such as IT Services for the small and medium-sized business (SMB), Digital Mail, Capture & Content and Digital Hub & Cloud Print enable work to flow seamlessly between the office and home.

What actions have you taken to mitigate the impact of revenue declines as a result of the COVID-19 pandemic?

While we can't reliably predict the ongoing economic impact of the pandemic, we've modeled numerous scenarios and are prepared to manage our business through each of them.

Project Own It remains on track to deliver at least \$450 million of gross cost savings in 2020.

We've made investments in robotic process automation and analytics to increase productivity, while instilling operational and financial discipline across Xerox. A flexible cost structure has enabled us to respond quickly and scale up and down as needed. Despite another unprecedented quarter, we improved earnings and cash flow sequentially.

Given the ongoing uncertainty, we are not providing specific financial guidance for 2020 at this time. However, we remain committed to delivering positive earnings and cash flow in the fourth quarter.

What areas are you investing in that could improve your longer-term revenue trajectory?

We are continuing to invest in areas that address client needs today and tomorrow. This is all while investing in Xerox's five innovation pillars.

In Q3, we expanded the company's software portfolio with the launch of DocuShare Go, a cloud content management platform that automates how users organize, share, collaborate and back up business-critical content. Within print, we are investing in differentiated capabilities such as machine learning, which improves individuals' workflows and productivity.

The team is making progress across our innovation pillars. In 3D, we are on track to launch the first version of our liquid metal 3D printer. In IoT, we were recently awarded a contract from the Defense Advanced Research Projects Agency for the next development phase in the Ocean of Things, its project to expand what scientists know about the seas. In cleantech, we are working with the U.S. Department of Energy to develop a solution that could reduce energy consumption of air conditioners by up to 80%.

Have your capital allocation priorities changed for 2020?

Our balance sheet and liquidity are strong, with approximately \$3.3 billion of cash, cash equivalents and restricted cash and a \$1.8 billion undrawn revolver as of September 30th.

Our capital allocation priorities remain unchanged. In Q3, we issued \$1.5B of senior unsecured bonds (5 and 8 year) and closed a \$340M securitization, the proceeds from which refinanced ~\$1B of debt that matured in 2020. In October, excess proceeds were used to prepay \$750M of the \$1.1B of debt that matures in May 2021. These actions strengthened our liquidity by significantly reducing near-term debt maturities, providing additional financial flexibility.

We remain committed to our shareholder return policy (including our current dividend rate) of returning at least 50% of annual free cash flow to shareholders. We completed \$150 million of share repurchase in Q3 and plan to complete at least another \$150 million in Q4. We also continue to assess our M&A pipeline, including both potential tuck-in acquisitions and strategic transactions.

Financial Results Summary

(in millions, except per share data)

P&L Measures	Q3 2020	B/(W) YOY	% Change YOY
Revenue	\$ 1,767	\$ (412)	(18.9)% AC (19.7)% CC ¹
Operating Income – Adjusted ¹	\$ 131	\$ (131)	(50.0)%
Other Expenses, net	\$ (15)	\$ 14	NA
Net Income ²	\$ 90	\$ (67)	(42.7)%
Net Income – Adjusted ¹	\$ 105	\$ (79)	(42.9)%
GAAP Earnings Per Share ²	\$ 0.41	\$ (0.27)	(39.7)%
EPS – Adjusted ¹	\$ 0.48	\$ (0.32)	(40.0)%

P&L Ratios	Q3 2020	B/(W) YOY
Gross Margin	36.8%	(320) bps
RD&E %	4.3%	30 bps
SAG %	25.1%	(170) bps
Operating Margin – Adjusted ¹	7.4%	(460) bps
Tax Rate – Adjusted ¹	21.1%	620 bps

¹ Adjusted Measures and Constant Currency (CC): see Non-GAAP Financial Measures. ² Net Income and GAAP Earnings Per Share from continuing operations attributable to Xerox Holdings.

Cash Flow

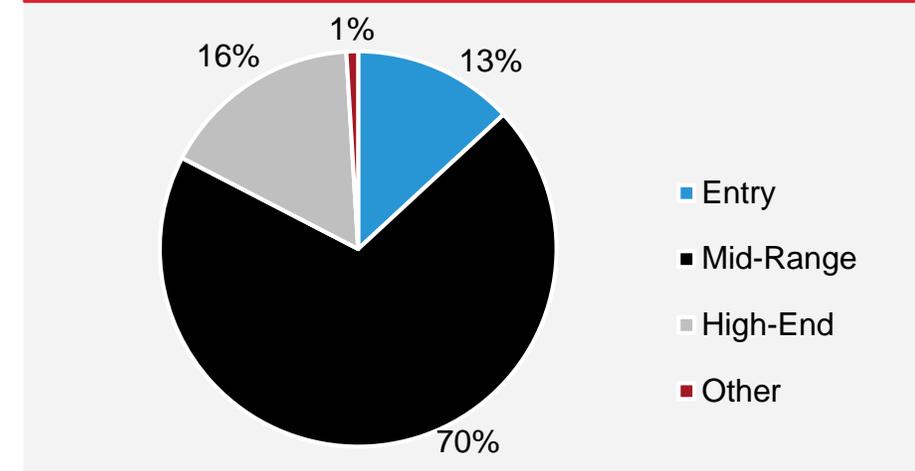
(in millions)	Q3 2020	Q3 2019
Pre-tax Income	\$ 119	\$ 223
Non-cash add-backs ¹	122	141
Restructuring Payments	(11)	(17)
Pension Contributions	(33)	(37)
Working Capital, net ²	(55)	88
Change in Finance Assets ³	-	(36)
Other ⁴	(36)	(14)
Cash from Operations	\$ 106	\$ 348
Cash from Investing	\$ 9	\$ 4
Cash from / (used in) Financing	\$ 856	\$ (137)
Ending Cash, Cash Equivalents and Restricted Cash ⁵	\$ 3,297	\$ 979
Free Cash Flow⁶	\$ 88	\$ 331

¹ Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, defined benefit pension expense, restructuring and asset impairment charges and gain on sales of businesses and assets. ² Working Capital, net includes accounts receivable, accounts payable and inventory. ³ Includes equipment on operating leases (excluding its related depreciation) and finance receivables. ⁴ Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. ⁵ Includes \$55 and \$57 of restricted cash in current year and prior year, respectively. ⁶ Free Cash Flow: see Non-GAAP Financial Measures.

Revenue

(in millions)	Q3 2020	% Mix	B/(W) YOY		B/(W) YOY
			Q3 2020 AC	Q3 2020 CC ¹	Q2 2020 CC ¹
Equipment	\$ 419	24%	(15.2)%	(16.1)%	(38.0)%
Post Sale	\$1,348	76%	(20.0)%	(20.7)%	(33.6)%
Total Revenue	\$1,767	100%	(18.9)%	(19.7)%	(34.6)%
Americas	1,152	65%	(22.6)%	(22.2)%	(33.6)%
EMEA	568	32%	(11.3)%	(14.6)%	(38.5)%
Other ²	47	3%	(7.8)%	(7.8)%	(6.0)%
Xerox Services⁴	\$ 661	37%	(20.3)%	(21.3)%	(28.2)%

Equipment Revenue



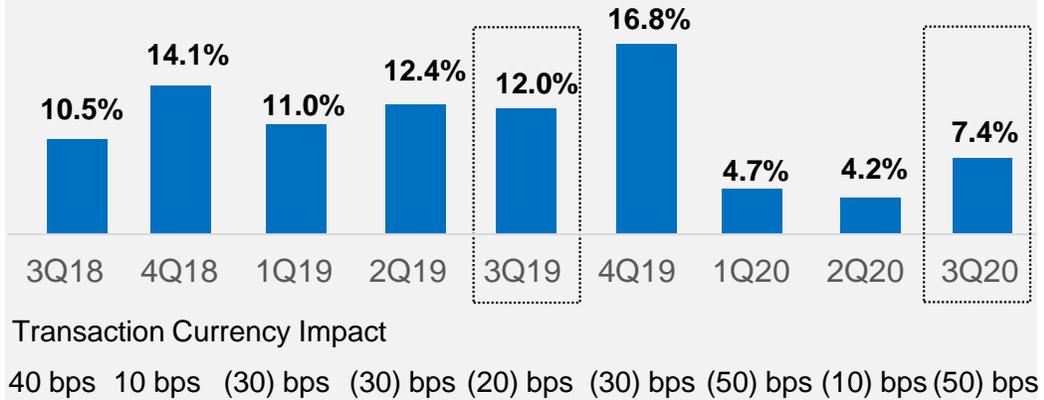
Installs³ (B/(W) YOY)

	Q3 2020	
	Color	B&W
Entry A4 MFPs	(9)%	52%
Mid-Range	(21)%	(19)%
High-End	(38)%	(13)%

¹ Constant Currency: see Non-GAAP Financial Measures. ² Other total revenue includes sales to Fuji Xerox and licensing. ³ Mid-Range and High-End color installations exclude Fuji Xerox digital front-end sales and reflect a mix to higher end products within each of these categories. ⁴ Xerox Services includes solutions and services that span from managing print to automating processes to managing content. Our primary offerings are Intelligent Workplace Services (IWS), as well as Digital and Cloud Print Services (including centralized print services) and Communication and Marketing Solutions.

Profitability and Earnings

Adjusted¹ Operating Margin

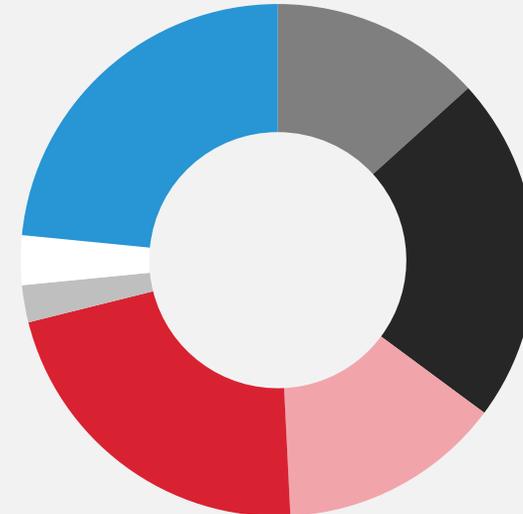


Adjusted¹ EPS



Project Own It Contribution:

Target at least \$450M of Gross Savings in 2020
 Achieved ~\$640M of Gross Savings in 2019



- Project Own It is a multi-year program to simplify our operations and instill a culture of continuous improvement
- Additional cost reduction actions are being managed in response to COVID-19

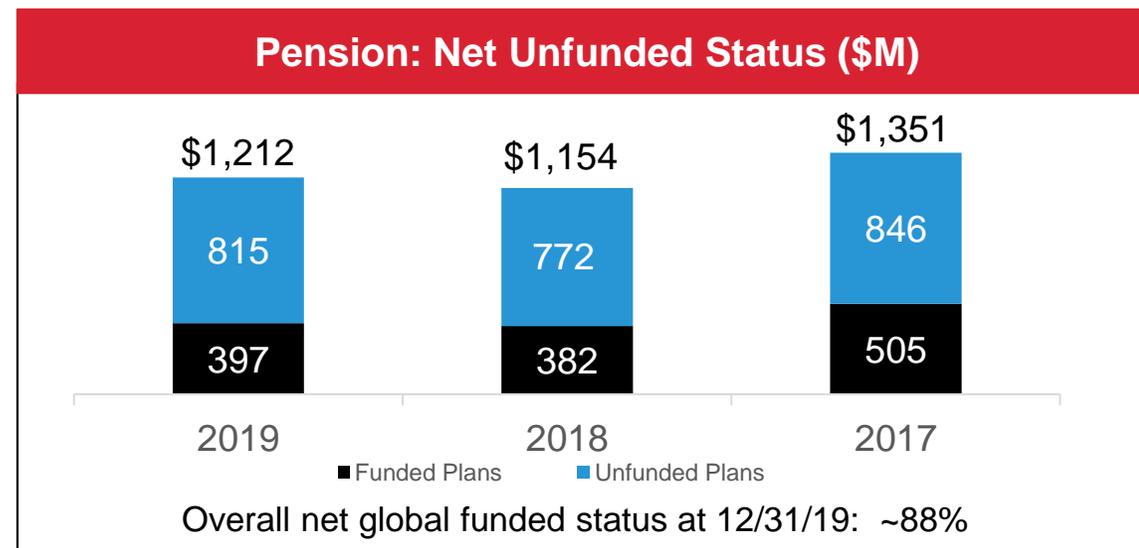
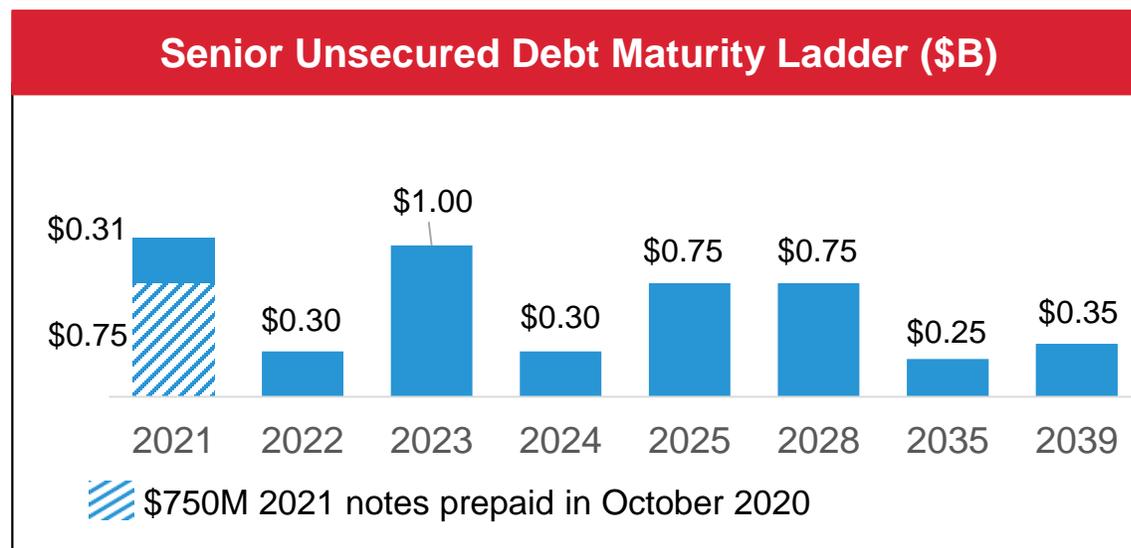
¹ Adjusted Measures: see Non-GAAP Financial Measures.

Capital Structure

Debt and Cash (\$B)	9/30/2020	12/31/2019
Total Debt	\$ 5.1	\$ 4.3
Less: Finance Debt	(3.0)	(3.3)
Core Debt	2.1	1.0
Less: Cash ¹	(3.3)	(2.8)
Net Core Debt/(Cash)	\$ (1.2)	\$ (1.8)

Leverage

- Maintain 7:1 debt to equity leverage ratio on \$3.4B of finance assets as of 9/30/2020
- In Q3, refinanced 2020 debt maturities with proceeds from securitization and issuance of senior unsecured notes
- In October, prepaid \$750M of \$1.1B May 2021 bonds with proceeds from 2020 senior unsecured notes



¹ Cash, cash equivalents and restricted cash.

Q3 2020 Summary and Wrap Up

Q3 2020 Results

Revenue: \$1.77B, down 19.7% year-over-year at CC¹

Free Cash Flow¹: \$88M, down 73% (\$243M) year-over-year

Adjusted¹ Operating Margin: 7.4%, a decrease of 460 basis points year-over-year

Capital Allocation: Returned \$211M to shareholders

Adjusted¹ EPS: \$0.48, down 40% (\$0.32) year-over-year

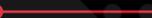
Our earnings and cash generation during this unprecedented year reflect the flexibility built into our model and the discipline in our operations through Project Own It. Our Q3 revenues reflect an improvement over Q2 as more businesses re-opened and employees returned to the workplace. However, the pace and extent of recovery remain uncertain and we are not providing specific financial guidance for 2020.

We strengthened our balance sheet and extended our liquidity in Q3 by refinancing near-term debt maturities. We remain focused on winning in the marketplace with our strong portfolio, and we continue to drive progress on our four strategic initiatives that underpin our long-term transformation.

¹ Adjusted Measures, Free Cash Flow and Constant Currency (CC): see Non-GAAP Financial Measure.



Appendix



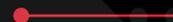
Operating Trends – Continuing Operations

(in millions, except EPS)	2018	2019				2020			
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Total Revenue	\$9,662	\$2,180	\$2,263	\$2,179	\$2,444	\$9,066	\$1,860	\$1,465	\$1,767
<i>% Change</i>	<i>(3.3)%</i>	<i>(8.4)%</i>	<i>(8.3)%</i>	<i>(5.8)%</i>	<i>(2.2)%</i>	<i>(6.2)%</i>	<i>(14.7)%</i>	<i>(35.3)%</i>	<i>(18.9)%</i>
<i>CC¹ % Change</i>	<i>(4.0)%</i>	<i>(6.0)%</i>	<i>(6.7)%</i>	<i>(4.7)%</i>	<i>(1.6)%</i>	<i>(4.7)%</i>	<i>(13.9)%</i>	<i>(34.6)%</i>	<i>(19.7)%</i>
Adj¹ Operating Margin	11.3%	11.0%	12.4%	12.0%	16.8%	13.1%	4.7%	4.2%	7.4%
GAAP EPS (Loss)	\$1.16	\$0.34	\$0.60	\$0.68	\$1.17	\$2.78	\$(0.03)	\$0.11	\$0.41
Adj¹ EPS	\$2.88	\$0.66	\$0.79	\$0.80	\$1.33	\$3.55	\$0.21	\$0.15	\$0.48
Operating Cash Flow	\$1,082	\$222	\$276	\$348	\$398	\$1,244	\$173	\$34	106
Free Cash Flow¹	\$992	\$207	\$260	\$331	\$381	\$1,179	\$150	\$15	88

¹ Adjusted measures, Free Cash Flow, and Constant Currency (CC): see Non-GAAP Financial Measures.



Non-GAAP Financial Measures



Non-GAAP Financial Measures

We have reported our financial results in accordance with generally accepted accounting principles (GAAP). In addition, we have discussed our financial results using the non-GAAP measures described below. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with GAAP, to exclude the effects of certain items as well as their related income tax effects.

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

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.

Adjusted Earnings Measures

- Net Income and Earnings per share (EPS)
- Effective Tax Rate

The above measures were adjusted for the following items:

- Restructuring and related costs: Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our transformation programs 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 transformation programs 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.
- 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 (cont'd)

- Transaction and related costs, net: Transaction and related costs, net are costs and expenses primarily associated with certain strategic M&A projects. These costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements that may arise in connection with those M&A transactions. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.
- 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) amortization of prior plan amendments, (iv) amortized actuarial gains/losses and (v) 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. This approach is consistent with the classification of these costs as non-operating in other expenses, net. Adjusted earnings will continue to include the service cost elements of our retirement costs, which is related to current employee service as well as the cost of our defined contribution plans.
- Other discrete, unusual or infrequent items: We excluded the following items given their discrete, unusual or infrequent nature and their impact on our results for the period.
 - Contract termination costs – IT services
 - Impacts associated with the Tax Cuts and Jobs Act (the “Tax Act”) enacted in December 2017.

We believe the exclusion of these items allows investors to better understand and analyze the results for the period as compared to prior periods and expected future trends in our business.

Non-GAAP Financial Measures (cont'd)

Adjusted Operating Income/Margin

We calculate and utilize adjusted operating income and margin measures by adjusting our reported pre-tax income and margin amounts. In addition to the costs and expenses noted as adjustments for our Adjusted Earnings measures, adjusted operating income and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and 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.” This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. 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 operating cash flows by subtracting amounts related to capital expenditures. 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.

Summary:

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 tables:

Net Income and EPS reconciliation

(in millions, except per share amounts)	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019	
	Net Income	EPS	Net Income	EPS
Reported⁽¹⁾	\$ 90	\$ 0.41	\$ 157	\$ 0.68
Adjustments:				
Restructuring and related costs	20		27	
Amortization of intangible assets	13		9	
Transaction and related costs, net	(6)		4	
Non-service retirement-related costs	(13)		(2)	
Contract termination costs – IT services	-		(8)	
Income tax on adjustments ⁽²⁾	1		(7)	
Tax Act	-		4	
Adjusted	<u>\$ 105</u>	<u>\$ 0.48</u>	<u>\$ 184</u>	<u>\$ 0.80</u>
Dividends on preferred stock used in adjusted EPS calculation ⁽³⁾		\$ 4		\$ -
Weighted average shares for adjusted EPS ⁽³⁾		213		231
Fully diluted shares at September 30, 2020 ⁽⁴⁾		208		

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

(2) Refer to Effective Tax Rate reconciliation.

(3) Average shares for the calculation of adjusted diluted EPS for 2020 exclude 7 million shares associated with our Series A convertible preferred stock and therefore earnings include the preferred stock dividend. Average shares for the calculation of adjusted diluted EPS for 2019 include 7 million shares associated with our Series A convertible preferred stock and therefore exclude the preferred stock dividend.

(4) Represents common shares outstanding at September 30, 2020 plus potential dilutive common shares as used for the calculation of adjusted diluted EPS for the third quarter 2020. The amount excludes shares associated with our Series A convertible preferred stock as they are expected to be anti-dilutive for the year.

Effective Tax Rate reconciliation

(in millions)	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported⁽¹⁾	\$ 119	\$ 29	24.4%	\$ 223	\$ 66	29.6%
Non-GAAP Adjustments ⁽²⁾	14	(1)		30	7	
Tax Act	-	-		-	(4)	
Adjusted⁽³⁾	<u>\$ 133</u>	<u>\$ 28</u>	21.1%	<u>\$ 253</u>	<u>\$ 69</u>	27.3%

(1) Pre-tax income and income tax expense from continuing operations.

(2) Refer to Net Income and EPS reconciliation for details.

(3) The tax impact on Adjusted Pre-Tax Income from continuing operations is calculated under the same accounting principles applied to the Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.

Operating Income / Margin reconciliation

(in millions)	Three Months Ended September 30, 2020			Three Months Ended September 30, 2019		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported ⁽¹⁾	\$ 119	\$ 1,767	6.7%	\$ 223	\$ 2,179	10.2%
Adjustments:						
Restructuring and related costs	20			27		
Amortization of intangible assets	13			9		
Transaction and related costs, net	(6)			4		
Other expenses, net	(15)			(1)		
Adjusted	<u>\$ 131</u>	<u>\$ 1,767</u>	7.4%	<u>\$ 262</u>	<u>\$ 2,179</u>	12.0%

⁽¹⁾ Pre-tax Income and revenue from continuing operations.

Free Cash Flow reconciliation

(in millions)	Three Months Ended September 30,		
	2020	2019	Change
Reported ⁽¹⁾	\$ 106	\$ 348	\$ (242)
Capital expenditures	(18)	(17)	(1)
Free Cash Flow	<u>\$ 88</u>	<u>\$ 331</u>	\$ (243)

⁽¹⁾ Net cash provided by operating activities of continuing operations.

Other Expenses, Net reconciliation

(in millions)	Three Months Ended	
	September 30,	
	2020	2019
Reported	\$ (15)	\$ (1)
Less: Non-service retirement-related costs	(13)	(2)
Less: Contract termination costs – IT services	-	(8)
Adjusted	<u>\$ (2)</u>	<u>\$ 9</u>

Net Income (Loss) and EPS reconciliation – historical

(in millions, except per share amounts)	Q3-18		Q4-18		Year Ended December 31, 2018		Q1-19		Q2-19		Q3-19		Q4-19		Year Ended December 31, 2019		Q1-20		Q2-20	
	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net Income	EPS	Net (Loss) Income	EPS	Net (Loss) Income	EPS
Reported ⁽¹⁾	\$ 39	\$ 0.14	\$ 91	\$ 0.37	\$ 306	\$ 1.16	\$ 84	\$ 0.34	\$ 141	\$ 0.60	\$ 157	\$ 0.68	\$ 266	\$ 1.17	\$ 648	\$ 2.78	\$ (2)	\$ (0.03)	\$ 27	\$ 0.11
Restructuring and related costs	29		67		157		112		37		27		53		229		41		3	
Amortization of intangible assets	12		12		48		15		11		9		10		45		11		10	
Transaction and related costs, net	(33)		5		68		-		4		4		4		12		17		7	
Non-service retirement-related costs	33		67		150		13		10		(2)		(3)		18		1		(8)	
Contract termination costs - IT services	-		43		43		-		-		(8)		(4)		(12)		3		-	
Income tax on adjustments	(10)		(48)		(116)		(31)		(17)		(7)		(22)		(77)		(21)		(3)	
US Tax Act	95		(6)		89		(35)		-		4		(4)		(35)		-		-	
Adjusted	<u>\$ 165</u>	<u>\$ 0.64</u>	<u>\$ 231</u>	<u>\$ 0.94</u>	<u>\$ 745</u>	<u>\$ 2.88</u>	<u>\$ 158</u>	<u>\$ 0.66</u>	<u>\$ 186</u>	<u>\$ 0.79</u>	<u>\$ 184</u>	<u>\$ 0.80</u>	<u>\$ 300</u>	<u>\$ 1.33</u>	<u>\$ 828</u>	<u>\$ 3.55</u>	<u>\$ 50</u>	<u>\$ 0.21</u>	<u>\$ 36</u>	<u>\$ 0.15</u>
Dividends on preferred stock used in adjusted EPS calculation ⁽²⁾	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ (4)		\$ 3	
Weighted average shares for adjusted EPS ⁽²⁾		261		246		258		240		235		231		227		233		216		216

⁽¹⁾ Net Income (Loss) and EPS from continuing operations attributable to Xerox Holdings.

⁽²⁾ For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A convertible preferred stock, as applicable.

Operating Income / Margin reconciliation – historical

(in millions)	Q3-18			Q4-18			Year Ended December 31, 2018			Q1-19			Q2-19			Q3-19			Q4-19			Year Ended December 31, 2019			Q1-20			Q2-20		
	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	(Loss) Profit	Revenue	Margin	Profit	Revenue	Margin
Reported⁽¹⁾	\$ 177	\$ 2,314	7.6%	\$ 124	\$ 2,498	5.0%	\$ 549	\$ 9,662	5.7%	\$ 73	\$ 2,180	3.3%	\$ 190	\$ 2,263	8.4%	\$ 223	\$ 2,179	10.2%	\$ 336	\$ 2,444	13.7%	\$ 822	\$ 9,066	9.1%	\$ (5)	\$ 1,860	(0.3%)	\$ 35	\$ 1,465	2.4%
Adjustments:																														
Restructuring and related costs	29			67			157			112			37			27			53			229			41			3		
Amortization of intangible assets	12			12			48			15			11			9			10			45			11			10		
Transaction and related costs, net	(33)			5			68			-			4			4			4			12			17			7		
Other expenses, net	57			144			271			39			38			(1)			8			84			23			7		
Adjusted	<u>\$ 242</u>	<u>\$ 2,314</u>	10.5%	<u>\$ 352</u>	<u>\$ 2,498</u>	14.1%	<u>\$1,093</u>	<u>\$ 9,662</u>	11.3%	<u>\$ 239</u>	<u>\$ 2,180</u>	11.0%	<u>\$ 280</u>	<u>\$ 2,263</u>	12.4%	<u>\$ 262</u>	<u>\$ 2,179</u>	12.0%	<u>\$ 411</u>	<u>\$ 2,444</u>	16.8%	<u>\$ 1,192</u>	<u>\$ 9,066</u>	13.1%	<u>\$ 87</u>	<u>\$ 1,860</u>	4.7%	<u>\$ 62</u>	<u>\$ 1,465</u>	4.2%

⁽¹⁾ Pre-Tax Income (Loss) and revenue from continuing operations.

Free Cash Flow reconciliation – historical



(in millions, except per share amounts)

Reported ⁽¹⁾

Capital expenditures

Free Cash Flow from Continuing Operations

	Year Ended December 31, 2018	Q1-19	Q2-19	Q3-19	Q4-19	Year Ended December 31, 2019	Q1-20	Q2-20
	\$ 1,082	\$ 222	\$ 276	\$ 348	\$ 398	\$ 1,244	\$ 173	\$ 34
Capital expenditures	(90)	(15)	(16)	(17)	(17)	(65)	(23)	(19)
Free Cash Flow from Continuing Operations	<u>\$ 992</u>	<u>\$ 207</u>	<u>\$ 260</u>	<u>\$ 331</u>	<u>\$ 381</u>	<u>\$ 1,179</u>	<u>\$ 150</u>	<u>\$ 15</u>

⁽¹⁾ Net cash provided by operating activities from continuing operations.



xeroxTM