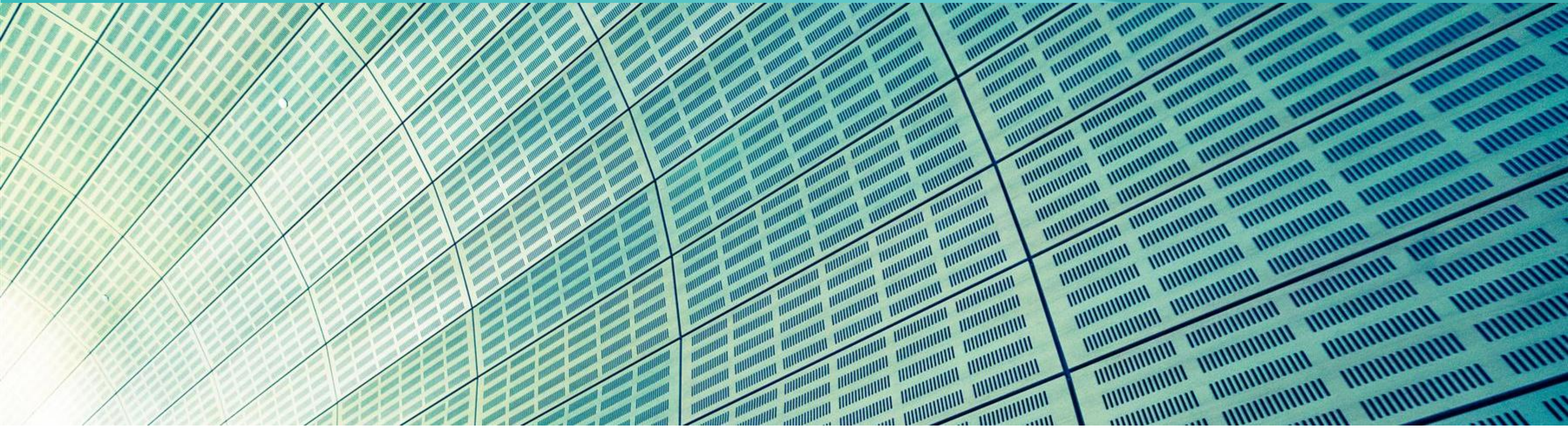
Third-Quarter 2013 Earnings Presentation

Ursula Burns
Chairman & CEO

Kathy Mikells
Chief Financial Officer

October 24, 2013



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 and are subject to a number of factors that may cause actual results to differ materially. These 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; actions of competitors; 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 unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk that our Services business could be adversely affected if we are unsuccessful in managing the ramp-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; 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; interest rates, cost of borrowing and access to credit markets; reliance on third parties for manufacturing of products and provision of services; our ability to drive the expanded use of color in printing and copying; the outcome of litigation and regulatory proceedings to which we may be a party; 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 Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 and our 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company 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.

xerox ®

Strategy Overview

- Shifted to a Services-led growth portfolio
- Maintaining Document Technology leadership
- Consistent earnings expansion
- Strong cash generation
- Balanced capital allocation strategy

Annuity 85%

of Total Revenue

Services 56%

of Total Revenue

Third-Quarter Overview

Adjusted EPS[1] of 26 cents, GAAP EPS[2] of 22 cents

Total revenue of $5.3B, flat YOY, down 1% CC

Services revenue up 3%; margin of 9.9%

- Services segment profit up 9%
- Continued new business signings growth and total contract value TTM up 9%

Document Technology revenue down 4%; margin of 12.1%

- Document Technology segment profit up 7%
- Improving trends in high-end

Operating margin of 9.4%, up 50 bps YOY

- Strong overall performance; focus on cost structure continues

Cash from ops of $961M; expect to be toward higher end of FY $2.1 - $2.4B

[1]Adjusted EPS, Operating Margin: see slide 20 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

Earnings

(in millions, except per share data)

	Q3 2013	Q3 2012	Comments
Revenue	$ 5,262	$ 5,275	Revenue flat, Services growth and stable Document Technology
Gross Margin	31.5%	31.5%	
RD&E	$ 145	$ 161	
SAG	$ 1,018	$ 1,032	
SAG % of Revenue	*19.3%*	*19.6%*	
Adjusted Operating Income[1]	**$ 492**	**$ 468**	Operating profit growth of 5%
Operating Income % of Revenue	*9.4%*	*8.9%*	50 bps margin expansion
Adjusted Other, net[1]	$ 79	$ 78	Higher restructuring offset gain from building sale
Equity Income	$ 43	$ 34	
Adjusted Tax Rate[1]	27.8%	23.5%	
Adjusted Net Income – Xerox[1]	**$ 340**	**$ 331**	
Adjusted EPS[1]	**$ 0.26**	**$ 0.25**	
Amortization of intangible assets	0.04	0.04	
GAAP EPS[2]	**$ 0.22**	**$ 0.21**	

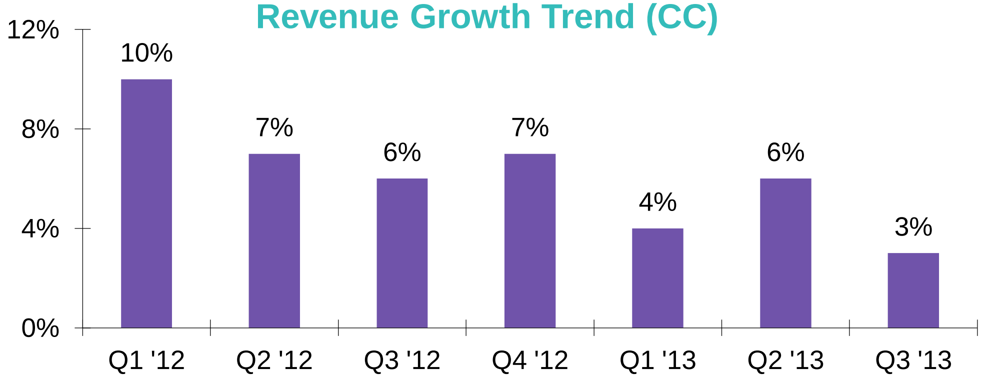
[1]Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see slide 20 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

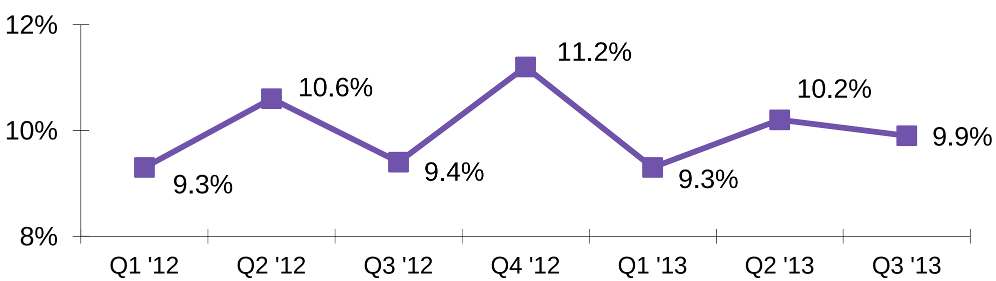
Services Segment

(in millions)	Q3 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC
Total Revenue	$2,944	3%	3%
Segment Profit	$292	9%	
Segment Margin	9.9%	0.5 pts	

Revenue Growth Trend (CC)



Segment Margin Trend



Continued revenue growth

- BPO up 1%, DO up 5% and ITO up 8%

Over half of revenue from BPO

- 59% BPO, 28% DO and 13% ITO

Margin up 50 bps, however, headwinds persist

BPO/ITO renewal rate of 89%, new business signings[1] up 4% YOY

Signings (TCV)

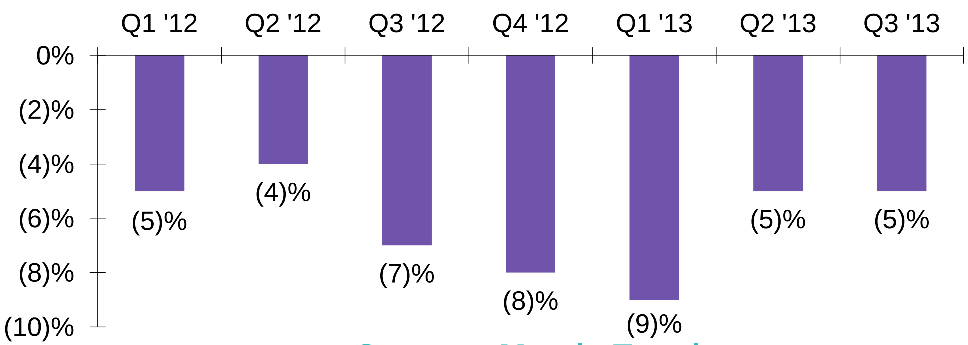
Business Process Outsourcing	$1.76
Document Outsourcing	$0.86
Information Technology Outsourcing	$0.26
Total	**$2.9B**
YOY Growth	(7)%
TTM Growth	9%

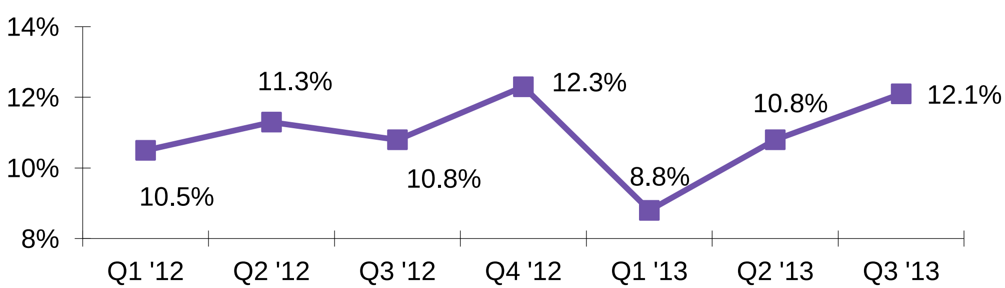
Constant currency (CC): see slide 20 for explanation of non-GAAP measures

[1]New Business Signings = ARR (Annual Recurring Revenue) + NRR (Non-Recurring Revenue)

Document Technology Segment

(in millions)	Q3 2013	% B/(W) YOY Act Cur	% B/(W) YOY CC
Total Revenue	$2,159	(4)%	(5)%
Segment Profit	$261	7%	
Segment Margin	12.1%	1.3 pts	





Revenue decline stabilized
- High-end continued improvement

Over half of revenue from Mid-Range
- 58% Mid-Range, 21% Entry and 21% High-End

Strong margin of 12.1%
- Operating profit growth of 7%

	Q3	YTD
Entry Installs		
A4 Mono MFDs	(21)%	(17)%
A4 Color MFDs	41%	35%
Color Printers	(1)%	1%
Mid-Range Installs		
Mid-Range B&W MFDs	(3)%	(4)%
Mid-Range Color MFDs	9%	7%
High-End Installs		
High-End B&W	(9)%	(13)%
High-End Color[1]	92%	54%

Constant currency (CC): see slide 20 for explanation of non-GAAP measures

[1]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 14% in Q3 and up 20% YTD excluding DFE's.

Cash Flow

(in millions)	Q3 2013	Q3 2012
Net Income	$ 291	$ 288
Depreciation and amortization	340	339
Restructuring and asset impairment charges	35	14
Restructuring payments	(34)	(30)
Contributions to defined benefit pension plans	(64)	(73)
Inventories	(41)	(44)
Accounts receivable and Billed portion of finance receivables*	85	(319)
Accounts payable and Accrued compensation	(61)	7
Equipment on operating leases	(79)	(65)
Finance receivables*	416	412
Other	73	65
Cash from Operations	**$ 961**	**$ 594**
Cash from Investing	**$ (82)**	**$ (289)**
Cash from Financing	**$ (871)**	**$ (230)**
Change in Cash and Cash Equivalents	19	68
Ending Cash and Cash Equivalents	**$ 948**	**$ 882**

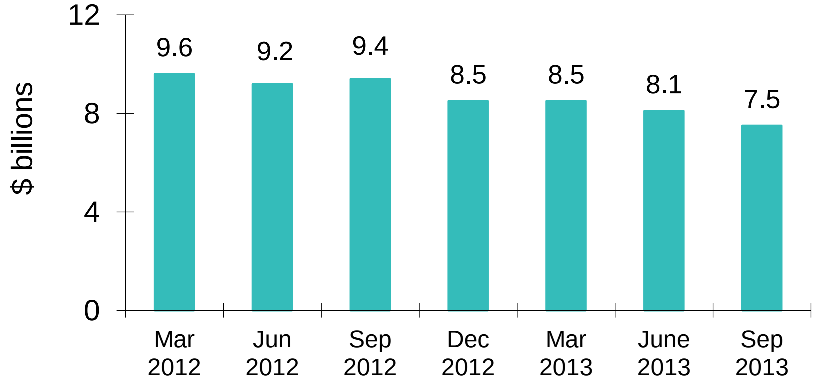
- Cash From Ops $961M, expect to be at higher end of $2.1 - $2.4B range
- Positive contribution from AR, DSO improvement and higher YOY factoring
- CAPEX of $102M
- Common Stock dividend payments of $77M
- Q3 share repurchase of $162M

*Accounts receivable includes collections of deferred proceeds from sales of receivables and finance receivables includes collections on beneficial interest from sales of finance receivables

xerox®

Balance Sheet and Capital Allocation

Debt Trend



2013 Guidance

(in billions)	
Cash from Ops	**$2.1 - $2.4**
CAPEX	$(0.5)
Free Cash Flow[1]	**$1.6 - $1.9**
Share Repurchase	>$0.4
Acquisitions	<$0.5
Dividends	$0.3
Debt Reduction	>$0.4

Financing

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

(in billions)	Q3 2013 Fin. Assets	Q3 2013 Debt
Financing	$5.2	$ 4.5
Core	-	$ 3.0
Total Xerox	$ 5.2	$ 7.5

Key Messages

- Strong Q3 YTD cash flow positions us well
- Financing debt continues to decline due to lower new originations and receivable sales
- Acquisitions trending below target
- Anticipate $200M+ share repurchase above $400M minimum

[1]Free Cash Flow: see slide 20 for explanation of non-GAAP measures

xerox®

Summary

Solid Q3 results – Services and Document Technology operating profit growth

- Services continues to face headwinds, Q4 compares are a challenge
- Document Technology showing positive trends in areas

Consistent progress on key performance indicators fuels long-term growth

- Continued new business signings growth and positive renewal rate
- Another strong install quarter driven by ConnectKey and high-end products

Continue to focus on enhancing our business model

- Improving cost infrastructure, continue to absorb restructuring within our results
- Managing portfolio of businesses

EPS guidance*

- Q4 Adjusted EPS $0.28 - $0.30, GAAP EPS[1] $0.24 - $0.26
  - Includes approximately 2 cents restructuring and 2 cents impact from higher pension settlement expenses
- FY Adjusted EPS to $1.08 - $1.10, GAAP EPS[1] $0.93 - $0.95

*Guidance - Adjusted EPS: see slide 20 for explanation of non-GAAP measures

[1]GAAP EPS from Continuing Operations

Q & A

Strategy Overview

- Shifted to a Services-led growth portfolio
- Maintaining Document Technology leadership
- Consistent earnings expansion
- Strong cash generation
- Balanced capital allocation strategy

Annuity 85%

of Total Revenue

Services 56%

of Total Revenue

Appendix

Revenue Trend

(in millions)	2011 (not Restated) FY	Pro - forma	2012 (Restated) Q1	Q2	Q3	Q4	FY	2013 (Restated) Q1	Q2	Q3	Sep YTD
Total Revenue*	**$ 22,626**		**$5,331**	**$5,368**	**$5,275**	**$5,763**	**$21,737**	**$5,202**	**5,402**	**5,262**	**$15,866**
Growth	*5%*	*2%*	*1%*	*(1)%*	*(2)%*	*(1)%*	*(1)%*	*(2)%*	*1%*	*Flat*	*(1)%*
CC Growth	*3%*	*Flat*	*2%*	*1%*	*Flat*	*Flat*	*Flat*	*(2)%*	*1%*	*(1)%*	*(1)%*
Annuity*	**$ 18,770**		**$ 4,520**	**$ 4,522**	**$ 4,470**	**$4,749**	**$18,261**	**$ 4,478**	**$4,547**	**$4,451**	**$13,476**
Growth	*6%*	*2%*	*2%*	*1%*	*Flat*	*3%*	*1%*	*(1)%*	*1%*	*Flat*	*Flat*
CC Growth	*4%*	*1%*	*3%*	*3%*	*3%*	*4%*	*2%*	*(1)%*	*1%*	*(1)%*	*Flat*
Annuity % Revenue	**83%**		**85%**	**84%**	**85%**	**82%**	**84%**	**86%**	**84%**	**85%**	**85%**
Equipment	**$ 3,856**		**$ 811**	**$ 846**	**$ 805**	**$1,014**	**$3,476**	**$724**	**$855**	**$811**	**$2,390**
Growth	*Flat*	*Flat*	*(2)%*	*(9)%*	*(14)%*	*(13)%*	*(10)%*	*(11)%*	*1%*	*1%*	*(3)%*
CC Growth	*(1)%*	*(1)%*	*(1)%*	*(6)%*	*(12)%*	*(13)%*	*(8)%*	*(11)%*	*1%*	*Flat*	*(3)%*

Note: Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods.

* 2012 and Q1 2013 Total Revenue and Annuity are restated to remove the North American and European paper revenues that were reclassified to discontinued operations. Constant currency growth is estimated for those periods.

Constant currency: see slide 20 for explanation of non-GAAP measures

xerox®

Segment Revenue Trend

(in millions)	2011 (not Restated) FY	2011 (not Restated) Pro - forma	2012 (Restated) Q1	2012 (Restated) Q2	2012 (Restated) Q3	2012 (Restated) Q4	2012 (Restated) FY	2013 (Restated) Q1	2013 (Restated) Q2	2013 (Restated) Q3	2013 (Restated) Sep YTD
Services	**$10,837**		**$2,821**	**$2,806**	**$2,847**	**$3,054**	**$11,528**	**$2,920**	**$2,956**	**$2,944**	**$8,820**
Growth	*12%*	*6%*	*9%*	*5%*	*5%*	*7%*	*6%*	*4%*	*5%*	*3%*	*4%*
CC Growth	*11%*	*5%*	*10%*	*7%*	*6%*	*7%*	*7%*	*4%*	*6%*	*3%*	*4%*
Document Technology	**$ 10,259**		**$ 2,338**	**$2,370**	**$2,259**	**$2,495**	**$9,462**	**$2,135**	**$2,263**	**$2,159**	**$6,557**
Growth	*(1)%*	*(1)%*	*(6)%*	*(7)%*	*(10)%*	*(8)%*	*(8)%*	*(9)%*	*(5)%*	*(4)%*	*(6)%*
CC Growth	*(3)%*	*(3)%*	*(5)%*	*(4)%*	*(7)%*	*(8)%*	*(6)%*	*(9)%*	*(5)%*	*(5)%*	*(6)%*
Other *	**$ 1,530**		**$ 172**	**$192**	**$169**	**$214**	**$747**	**$147**	**$183**	**$159**	**$489**
Growth	*(7)%*	*(7)%*	*(13)%*	*(4)%*	*(11)%*	*(2)%*	*(7)%*	*(15)%*	*(5)%*	*(6)%*	*(8)%*
CC Growth	*(9)%*	*(9)%*	*(12)%*	*(2)%*	*(9)%*	*(1)%*	*(6)%*	*(15)%*	*(5)%*	*(8)%*	*(9)%*

Note: Pro-forma revenue growth adjusts 2010 results to include ACS historical results for the comparable periods.

* 2012 and Q1 2013 Other segment is restated to remove the North American and European paper revenues that were reclassified to discontinued operations. Constant currency growth is estimated for those periods.

Constant currency: see slide 20 for explanation of non-GAAP measures

Metrics Reference

Signings and Renewal Rate

	YTD
Business Process Outsourcing	$7.2
Document Outsourcing	$2.4
Information Technology Outsourcing	$0.7
Total	**$10.3B**
Signings Growth YOY	29%
Signings Growth TTM	9%

	YTD
Renewal Rate (BPO and ITO)	91%

Install, MIF and Page Growth

	YTD
Entry Installs	
A4 Mono MFDs	(17)%
A4 Color MFDs	35%
Color Printers	1%
Mid-Range Installs	
Mid-Range B&W MFDs	(4)%
Mid-Range Color MFDs	7%
High-End Installs	
High-End B&W	(13)%
High-End Color[1]	54%

	YTD
Digital MIF	3%
Color MIF	12%
Digital Pages	(2)%
Color Pages	6%
Color Revenue (CC)	(4)%

Installs, color revenue, pages and MIF include both the Document Technology and Services segments. Color revenue and color pages reflect revenue and pages from color capable devices.

[1]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 20% YTD excluding DFE's.

Discontinued Operations Summary

(in millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenues *	$ 82	$ 149	$ 369	$ 493
(Loss) income from operations	$ (2)	$ 3	$ 5	$ 15
Loss on disposal	-	-	(23)	-
Net (loss) income before income taxes	(2)	3	(18)	15
Income tax expense	-	(1)	(4)	(5)
(Loss) income from discontinued operations, net of tax	$ (2)	$ 2	$ (22)	$ 10
Diluted earnings per share from discontinued operations	$ -	$ -	$ (0.01)	$ -
Total diluted earnings per share, inclusive of discontinued operations	$ 0.22	$ 0.21	$ 0.67	$ 0.62

* Third Quarter 2013 revenues from discontinued operations only reflects revenues from our European Paper business as the sale has not been completed. Year-to-date 2013 revenues from discontinued operations only reflects five months of revenues from our North American Paper business as a result of the completion of the sale to Domtar Corporation on May 31, 2013

Discontinued Operations Restatement Summary

Detailed below is the restatement for Other Segment and Total Segment results by quarter for 2013 and 2012 related to the movement of the North American and European Paper business to Discontinued Operations. The entire restated income statement for these periods can be found in the financial model included on our website at http://news.xerox.com/investors/materials.

(in millions)	Q1	Q2	Q3	Q4	YTD
2013					
Other Segment Revenue	$ 147	$ 183	$ 159		$ 489
Total Performance Revenue	**$ 5,202**	**$ 5,402**	**$ 5,262**		**$ 15,866**
Other Segment Profit	$ (70)	$ (61)	$ (55)		$ (186)
Total Segment Profit	**$ 390**	**$ 484**	**$ 498**		**$ 1,372**
Other Segment Margin	(47.6%)	(33.3%)	(34.6%)		(38.0%)
Total Segment Margin	**7.5%**	**9.0%**	**9.5%**		**8.6%**

	Q1	Q2	Q3	Q4	FY
2012					
Other Segment Revenue	$ 172	$ 192	$ 169	$ 214	$ 747
Total Performance Revenue	**$ 5,331**	**$ 5,368**	**$ 5,275**	**$ 5,763**	**$ 21,737**
Other Segment Profit	$ (57)	$ (71)	$ (66)	$ (62)	$ (256)
Total Segment Profit	**$ 451**	**$ 495**	**$ 448**	**$ 588**	**$ 1,982**
Other Segment Margin	(33.1%)	(37.0%)	(39.1%)	(29.0%)	(34.3%)
Total Segment Margin	**8.5%**	**9.2%**	**8.5%**	**10.2%**	**9.1%**

Non-GAAP Measures

Non-GAAP Financial Measures

“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

In 2013 and 2012 we adjusted for the 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. Accordingly, due to the incomparability of acquisition activity among companies and from period to period, we believe exclusion of the amortization associated with intangible assets acquired through our acquisitions allows investors to better compare and understand our results. 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.

We also calculate and utilize an Operating income and margin earnings measure by adjusting our pre-tax income and margin amounts to exclude certain items. In addition to the amortization of intangible assets, operating income and margin also exclude Other expenses, net as well as Restructuring and asset impairment charges. Other expenses, net is primarily comprised of non-financing interest expense and also includes certain other non-operating costs and expenses. Restructuring and asset impairment charges consist of costs primarily related to severance and benefits for employees pursuant to formal restructuring and workforce reduction plans. Such charges are expected to yield future benefits and savings with respect to our operational performance. 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.

“Pro-forma Basis”: To better understand the trends in our business, we discuss our 2011 revenue growth by comparing revenue in that year against an adjusted prior period revenue amount which includes ACS historical revenue for the comparable periods. We acquired ACS on February 5, 2010 and ACS’s results subsequent that date are included in our reported results. Accordingly, for comparison of our 2011 revenues to 2010, we added ACS’s 2010 estimated revenues for the period January 1 through February 5, 2010 to our reported 2010 results (pro-forma 2010). We refer to the comparison against this adjusted 2010 revenue amount as “pro-forma’ based comparisons. We believe the pro-forma comparisons provide investors with a better understanding and additional perspective of the expected post-acquisition revenue trends as well as the impact of the ACS acquisition.

Non-GAAP Financial Measures

"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." Currencies for developing market countries (Latin America, Brazil, Middle East, India, Eurasia and Central-Eastern Europe) that we operate in are reported at actual exchange rates for both actual and constant revenue growth rates because (1) these countries historically have had volatile currency and inflationary environments and (2) our subsidiaries in these countries have historically taken pricing actions to mitigate the impact of inflation and devaluation. 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 the 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 also is used to measure our yield on market capitalization.

Management believes that these non-GAAP financial measures provide an additional means of analyzing the current periods' results against the corresponding prior periods' 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.

Q3 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
	Net Income	**EPS**	**Net Income**	**EPS**
Reported[1]	**$ 288**	**$ 0.22**	**$ 280**	**$ 0.21**
Adjustments:				
Amortization of intangible assets	52	0.04	51	0.04
Adjusted	**$ 340**	**$ 0.26**	**$ 331**	**$ 0.25**
Weighted average shares for adjusted EPS[2]		1,286		1,346
Fully diluted shares at end of period[3]		1,280		

____

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

(2) Average shares for the calculation of adjusted EPS include 27 million of shares associated with the Series A convertible preferred stock and therefore the related quarterly dividend was excluded.

(3) Represents common shares outstanding at September 30, 2013 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 in the third quarter 2013.

GAAP EPS to Adjusted EPS Guidance Track

2013 EPS Guidance

	Earnings Per Share Guidance	
	Q4 2013	**FY 2013**
GAAP EPS from Continuing Operations	**$0.24 - $0.26**	**$0.93 - $0.95**
Adjustments:		
Amortization of intangible assets	0.04	0.15
Adjusted EPS	**$0.28 - $0.30**	**$1.08 - $1.10**

Note: GAAP and Adjusted EPS guidance includes anticipated restructuring

Q3 Adjusted Operating Income/Margin

(in millions)	Three Months Ended September 30, 2013						Three Months Ended Septmber 30, 2012					
	Profit		Revenue		Margin		Profit		Revenue		Margin	
Reported pre-tax income[1]	**$**	**335**	**$**	**5,262**		**6.4%**	**$**	**314**	**$**	**5,275**		**6.0%**
Adjustments:												
Amortization of intangible assets		83						82				
Xerox restructuring charge		35						14				
Other expenses, net		39						58				
Adjusted Operating	**$**	**492**	**$**	**5,262**		**9.4%**	**$**	**468**	**$**	**5,275**		**8.9%**
Equity in net income of unconsolidated affiliates		43						34				
Fuji Xerox restructuring charge		3						5				
Other expenses, net*		(40)						(59)				
Segment Profit/Revenue	**$**	**498**	**$**	**5,262**		**9.5%**	**$**	**448**	**$**	**5,275**		**8.5%**

* Includes rounding adjustments.

(1) Profit and Revenue from continuing operations attributable to Xerox.

Q3 Adjusted Other, net

(in millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012
Other expenses, net - Reported	**$ 39**	**$ 58**
Adjustments:		
Xerox restructuring charge	35	14
Net income attributable to noncontrolling interests	5	6
Other expenses, net - Adjusted	**$ 79**	**$ 78**

Q3 Adjusted Effective Tax Rate

	Three Months Ended September 30, 2013			Three Months Ended September 30, 2012		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[(1)]	**$ 335**	**$ 85**	**25.4%**	**$ 314**	**$ 62**	**19.7%**
Adjustments:						
Amortization of intangible assets	83	31		82	31	
Adjusted	**$ 418**	**$ 116**	**27.8%**	**$ 396**	**$ 93**	**23.5%**

(1) Pre-Tax Income and Income Tax Expense from continuing operations attributable to Xerox.

Q3 and Sep YTD Free Cash Flow

(in millions)	Three Months Ended September 30, 2013		Three Months Ended September 30, 2012	
Cash Flow from Operations	**$**	**961**	**$**	**594**
Additions to land, buildings and equipment		(84)		(110)
Additions to internal use software		(18)		(30)
Free Cash Flow	**$**	**859**	**$**	**454**

(in millions)	Nine Months Ended September 30, 2013		Nine Months Ended September 30, 2012	
Cash Flow from Operations	**$**	**1,407**	**$**	**807**
Additions to land, buildings and equipment		(253)		(283)
Additions to internal use software		(63)		(100)
Free Cash Flow	**$**	**1,091**	**$**	**424**

xerox ®

Q3 Services Revenue Breakdown

Services Segment: (in millions)	Three Months Ended September 30, 2013		2012		Change
Business Processing Outsourcing	$	1,766	$	1,743	1%
Document Outsourcing		828		788	5%
Information Technology Outsourcing		391		361	8%
Less: Intra-Segment Eliminations		(41)		(45)	(9%)
Total Revenue - Services	**$**	**2,944**	**$**	**2,847**	**3%**

Note:

- Starting in 2013 the Communication & Marketing Services (CMS) business was transferred from Document Outsourcing (DO) to Business Process Outsourcing (BPO). As a result 2012 BPO and DO revenues have been restated, the restatement amounts by quarter are $108M for Q1, $114M for Q2, $109M for Q3 and $119M for Q4.

xerox ®