Fourth-Quarter 2015 Earnings Presentation

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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 Reports on Form 10-Q for the quarters ended, March 31, 2015, June 30, 2015 and September 30, 2015 and our 2014 Annual Report on Form 10-K filed with the Securities and Exchange Commission. 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.

Xerox to separate into two market-leading companies

Creating two focused companies with improved value creation potential

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Document Technology

Printing Market leader

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

~$11B FY15 Revenue

~40K Employees

Business Process Outsourcing

Business Process Outsourcing leader

A leader in business process outsourcing with a combination of deep industry expertise, market-leading automation solutions and track record of global delivery excellence

~$7B FY15 Revenue

~104K Employees

Compelling rationale for two companies

Best-positions both companies to capitalize on value creation opportunities

	Document Technology	Business Process Outsourcing
Enhanced Strategic and Operational Focus	Focus on continued operational discipline and capturing transformative productivity while making selective investments in growth areas	Focus on leadership in attractive market segments to provide differentiated solutions and delivery excellence
Simplified Organizational Structure and Resources	Able to adapt to evolving market dynamics through simplified organizational and decision-making processes	Nimbler and narrower with greater ability to attract and retain talent, drive innovation and pursue growth opportunities
Distinct and Clear Financial Profiles	Strong, annuity-based profitability and free cash flow generation	Positioned for profitable revenue growth with large base of recurring revenues, high retention rates
Compelling Investment Cases	Strong cash generation track record, targeting investment grade credit rating and shareholder-friendly capital allocation	EPS expansion through growth, margin improvement and disciplined investments

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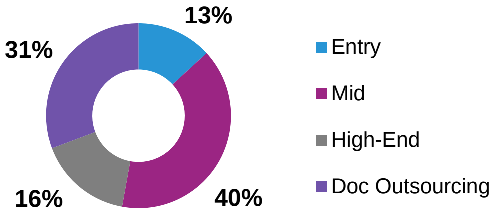
Document Technology: Global Leader in $90B Document Management and Outsourcing Market

The first name in printing, helping clients harness the benefits of document management in an increasingly interconnected, digital world

Financials

~$11B

FY15 Revenue



- Annuity driven revenue, more than 70%
- Strong cost discipline
- Strong free cash flow generation
- Targeting investment grade credit rating

Key Offerings

Broadest Portfolio

of cut-sheet digital color products and solutions, investing in aqueous ink jet

Leader in A3 Market

opportunity in underpenetrated A4 market

Next Generation MPS

industry leading approach with unparalleled global delivery capabilities

Market Perspective

24 quarters

Equipment Revenue Share Leader

MPS leader

across all industry reports

- Addressable market of ~$90B, declining low single digits
- Well positioned in areas of growth
  - High-end color
  - Managed Print Services (MPS) and Workflow
- Global presence in ~180 countries

Note: Revenue breakdown excludes Other segment (~5%)

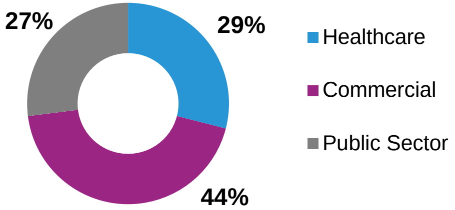
BPO: Leading Enterprise for the next generation of Business Process Outsourcing

Differentiated capabilities in managing transaction intensive processes and applying new innovations in a high growth market

Financials

~$7B

FY15 Revenue



- Large base of recurring revenues (>90%) with high renewal rates
- Driving for leadership in core set of increasingly focused and differentiated services lines
- Opportunity for continued margin expansion

Key Offerings

Focusing portfolio on areas of differentiation

Current Key Offerings

- healthcare solutions
- customer care
- finance & accounting
- transaction processing
- transportation solutions
- human capital services
- pre-paid card services
- industry-specific solutions

Market Perspective

 # 2

in BPO market share

5%+

Overall BPO market growth

- 100% of top 20 U.S. managed healthcare plans are customers
- Largest electronic toll collection service provider in U.S. with more than 50% market share
- Widely recognized by industry analysts as leaders in contact center, healthcare payer operations and finance & accounting

3 Year Strategic Transformation Program

Comprehensive program to deliver operational competitiveness and agility, spans both Document Technology and Business Process Outsourcing businesses

- Focus on sustainable strategic and operational initiatives
- Strong track record of delivering productivity and executing cost initiatives

Incremental savings of $600M over 3 years, bringing the combined cumulative savings to $2.4B

- Includes ongoing productivity initiatives that offset revenue pressures
- Incremental transformation program savings support margin expansion
- Targeting $700M annualized savings in 2016

Strategic transformation program to focus on:

- ✓ Organization structure
- ✓ Support function and infrastructure optimization
- ✓ RD&E optimization
- ✓ Incremental supply chain outsourcing
- ✓ Labor productivity and automation
- ✓ Service delivery consolidation and efficiency

Value for all Stakeholders

Employees

- Simplified and focused decision making
- Direct alignment of performance and incentives
- Attractive career development paths

Clients

- Rapid response to changing needs
- Services delivery excellence
- Continued innovation expertise

Investors

- Unique and compelling investment cases
- Better positions companies for long-term value creation
- Optimized capital structures and capital allocation priorities

Transaction Overview

Transaction Structure	• Separation into two strong, independent, publicly-traded companies • Intended to be tax-free to Xerox shareholders for federal income tax purposes
Timing	• Transaction is expected to be completed by year-end 2016 • Subject to market, regulatory and other conditions
Key Steps to Completion	• Finalize Transaction Structure • Capital Structure • Standalone Financials / Audit • Operating and Shared Services Agreements • Management & Governance • SEC Review Process
Closing Conditions	• Final approval by Xerox Board of Directors • Customary regulatory approvals • Securing any necessary financings • Other customary conditions

4th Quarter Earnings

Fourth-Quarter Overview

Adjusted EPS[1] of 32 cents; GAAP EPS[2] of 27 cents

Total revenue of $4.7B, down 8% or 5% CC[1]

Services revenue down 3% or flat CC[1]; margin of 9.4%

- Document Outsourcing revenue up 3%, BPO revenue down 2% CC[1]
- Margin up 130 bps sequentially and above our expectations

Document Technology revenue down 13% or 10% CC[1]; margin of 11.8%

- Revenue pressured by lower U.S. supplies sales and continued developing markets weakness
- Margin within target range of 11 to 13%

Operating margin[1] of 9.2%, down 120 bps YOY

Cash from operations of $878M, $1.6B FY

- Strong capital returns, $1.3B in share repurchase and $0.3B in dividends full-year
- Ending cash balance of $1.4B

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

[2]GAAP EPS from Continuing Operations

Earnings

(in millions, except per share data)	Q4 2015	B/(W) YOY	Comments
Revenue	$ 4,653	$ (380)	Decline driven by Document Technology and currency
Gross Margin	31.3%	(0.8) pts	
RD&E	$ 145	$ 5	
SAG	$ 883	$ 59	
Adjusted Operating Income[1]	**$ 428**	**$ (96)**	Lower revenues pressure margin; accelerating productivity initiatives and launching strategic transformation program
Operating Income % of Revenue	9.2%	(1.2) pts	
Adjusted Other, net[1]	$ 46	$ 53	Restructuring lower by $41M YOY
Equity Income	$ 32	$ (9)	
Adjusted Tax Rate[1]	20.9%	4.4 pts	Better driven by US tax law changes
Adjusted Net Income – Xerox[1]	**$ 333**	**$ (24)**	
Adjusted EPS[1]	**$ 0.32**	**$ 0.01**	Guidance range $0.28 - $0.30
Amortization of intangible assets	(0.05)	-	
Deferred tax liability adjustment	-	(0.04)	
GAAP EPS[2]	**$ 0.27**	**$ (0.03)**	

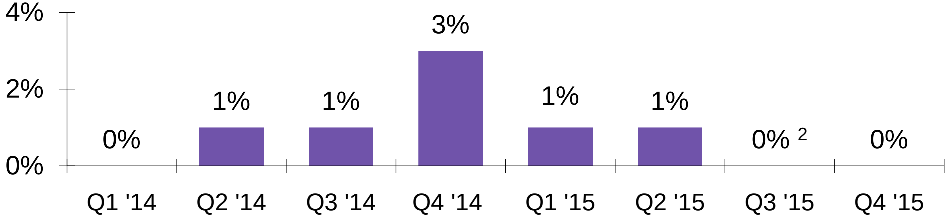
[1]Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see Non-GAAP Financial Measures

[2]GAAP EPS from Continuing Operations

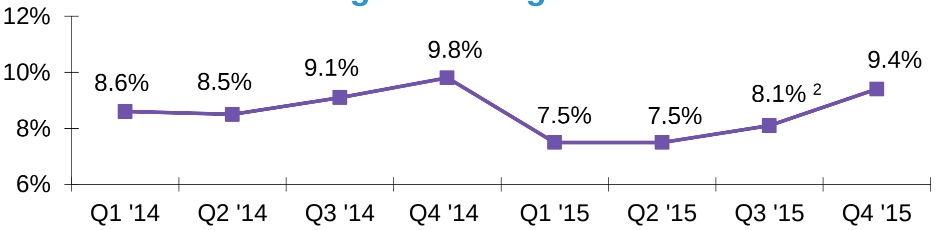
Services Segment

(in millions)	Q4 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]	Adj[2] FY 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$2,638	(3)%	-	$10,253	(3)%	-
Segment Profit	$249	(7)%		$835	(13)%	
Segment Margin	9.4%	(0.4) pts		8.1%	(0.9) pts	

Revenue Growth Trend (CC[1])



Segment Margin Trend



Revenue flat at CC[1]

- Document Outsourcing up 3%, BPO down 2%

Margin of 9.4% up sequentially and above guidance of 9.0%

Seeing benefits of new Services operating model, expect further improvement in 2016

Signings

- New business signings[3] up 22% YOY, down 1% TTM
  - Includes FL Tolling
- BPO/DO renewal rate of 78% in Q4, 84% FY

Signings (TCV)	**Q4**	**FY**
Business Process Outsourcing	$2.9	$8.4
Document Outsourcing	$1.1	$3.1
Total	**$4.0B**	**$11.5B**
YOY Growth	26%	8%
TTM Growth	8%	8%

[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]Adjusted for the HE charge: see Non-GAAP Financial Measures
[3]New Business Signings = ARR (Annual Recurring Revenue) + NRR (Non-Recurring Revenue)

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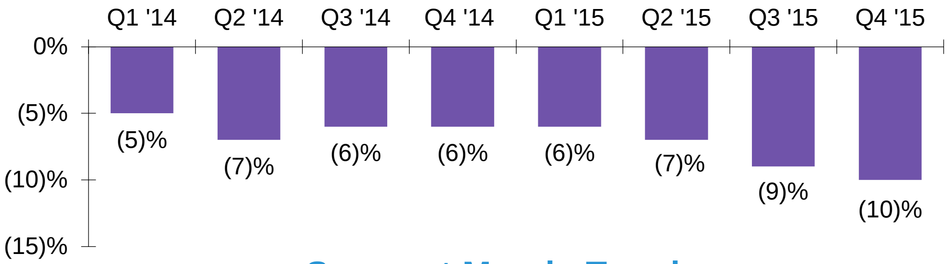
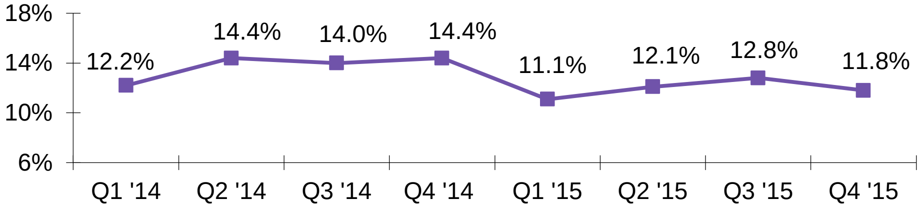
Document Technology Segment

(in millions)	Q4 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]	FY 2015	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$1,877	(13)%	(10)%	$7,365	(12)%	(8)%
Segment Profit	$221	(29)%		$879	(23)%	
Segment Margin	11.8%	(2.6) pts		11.9%	(1.8) pts	

Revenue Growth Trend (CC[1])



Segment Margin Trend



Revenue down 10% at CC[1,2]

- Driven by lower supplies and continued pressure in developing markets
- Equipment share leader for 24 straight quarters

Including Document Outsourcing, printing revenue down 6% in Q4 and 5% FY at CC[1,2]

Margin of 11.8% within target range of 11-13%

- Managing cost base to ensure ongoing strong profitability

	Q4	FY
Entry Installs		
A4 Mono MFDs	3%	(11)%
A4 Color MFDs	63%	28%
Color Printers	(49)%	(28)%
Mid-Range Installs		
Mid-Range B&W MFDs	(16)%	(7)%
Mid-Range Color MFDs	-	1%
High-End Installs		
High-End B&W	(10)%	(10)%
High-End Color[3]	(8)%	2%

[1]Constant currency (CC): see Non-GAAP Financial Measures
[2]CC including developing markets: Document Technology down 9% in Q4 and 7% FY; including Document Outsourcing, printing revenue down 5% in Q4 and 4% FY
[3]High-end color down 3% in Q4 and 4% FY excluding DFE's

Cash Flow

(in millions)	Q4 2015	FY 2015
Net Income	$ 290	$ 506
HE Charge add back (after-tax)	-	241
Depreciation and amortization[2]	280	1,155
Restructuring and asset impairment charges	(5)	186
Restructuring payments	(17)	(98)
Contributions to defined benefit pension plans	(161)	(309)
Inventories	153	(101)
Accounts receivable and Billed portion of finance receivables[1,2]	308	254
Accounts payable and Accrued compensation	143	38
Equipment on operating leases	(81)	(291)
Finance receivables[1]	(47)	38
Other	15	(8)
Cash from Operations	**$ 878**	**$ 1,611**
Cash from Investing	**$ (19)**	**$ 508**
Cash from Financing	**$ (278)**	**$ (2,074)**
Change in Cash and Cash Equivalents	564	(43)
Ending Cash and Cash Equivalents	**$ 1,368**	**$ 1,368**

Cash From Ops $878M in Q4, $1.6B FY

- Free Cash Flow $798M in Q4, $1.3B FY

Higher contribution from working capital

CAPEX $80M in Q4, $342M FY

Acquisitions $9M in Q4, $210M FY

Share Repurchase of $1.3B FY

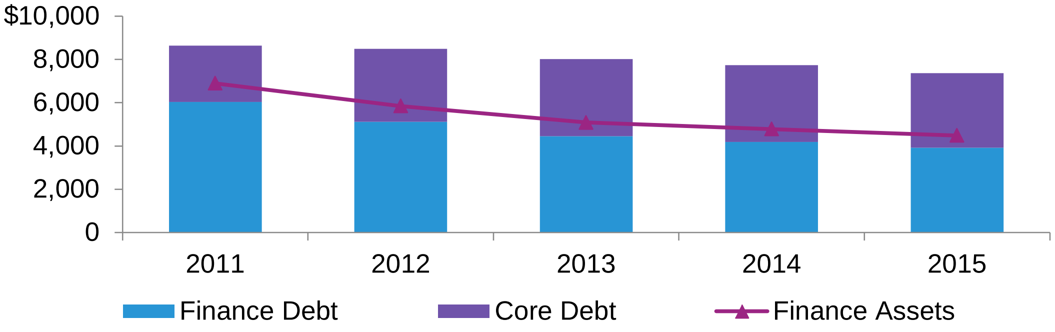
Common Stock Dividends $71M in Q4, $302M FY

[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

[2]Adjusted to exclude impact of HE charge

Capital Structure

Debt and Finance Asset Trend
(in millions)



Core debt level managed to maintain investment grade rating

Over half of Xerox debt supports finance assets

$7.4B of debt at year-end

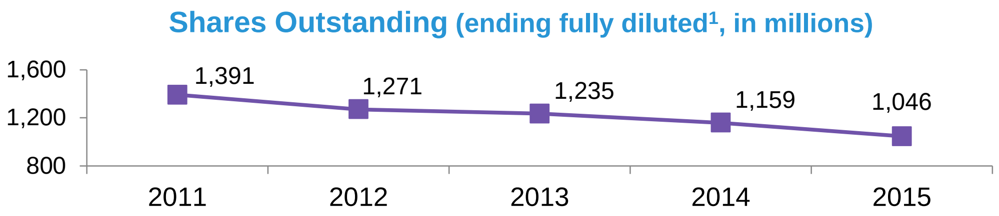
Financing and Leverage

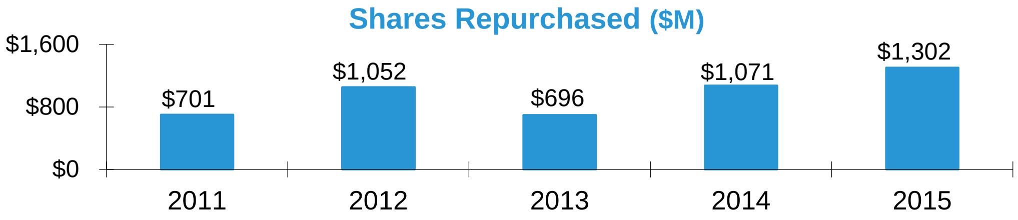
- Xerox's value proposition includes leasing of Xerox equipment
- Maintain 7:1 leverage ratio of debt to equity on these finance assets

	Q4 2015	
(in billions)	Fin. Assets	Debt
Financing	$ 4.5	$ 3.9
Core	-	3.5
Total Xerox	$ 4.5	$ 7.4

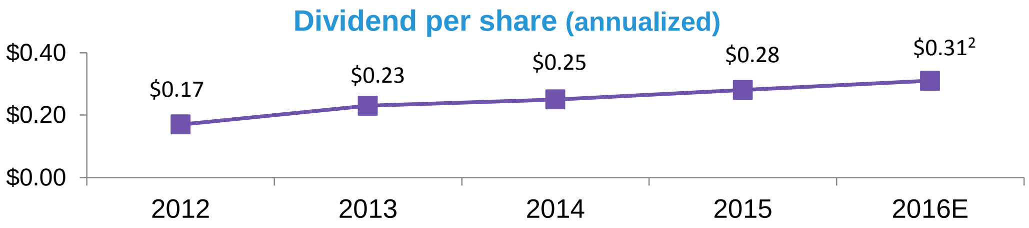
Capital Allocation Enhances Shareholder Returns

Share Repurchase Program





Dividend Program



Share Repurchase of $1.3B FY

- Reduced shares ~10% in 2015

Acquisitions of $210M FY

Common Stock dividends of $302M FY

Announcing 11% common dividend increase[2] to 31 cents per share annually

[1]Ending fully diluted: see Non-GAAP Financial Measures
[2]Dividend effective for common dividend payable on April 29, 2016

2016 Guidance
(reflects new reporting basis)

		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%
Adjusted EPS[1] (excl restructuring, retirement related costs, separation and related costs)		\$1.10 - \$1.20
GAAP EPS[2]		\$0.66 - \$0.76
Cash From Ops		\$1.3 - \$1.5B
CAPEX		\$0.3B
Free Cash Flow[1]		\$1.0 - \$1.2B
Share Repurchase/Dividends		> 50% FCF
Acquisitions		\$100 - \$400M
Debt Repayment		Maintain investment grade

Notes:
- Revenue growth guidance excluding potential divestitures
- Constant Current calculation to include developing markets beginning in 2016
- Segment definitions to be adjusted to move Education/Student Loan business to the Other Segment and to exclude retirement related costs
- Separation and related costs are not yet finalized and thus are not included in EPS or cash flow guidance

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

Earnings
- Revenue trend to improve modestly
  - Currency remains a headwind of (1) to (2) pts
- Margin improvement in Services; Document Technology margin consistent YOY
- Adjusted EPS growth driven by lower shares and Services profit growth

Cash Flow
- Strong underlying cash flow, decrease from \$1.6B in 2015 driven by:
  - CA/MT Health Enterprise settlement related cash outflows
  - Higher restructuring related to strategic transformation
- Continued focus on shareholder returns
  - 11% Common Dividend increase
  - >50% of FCF targeted for Dividends and Share Repurchase

Q1 Guidance
- Adjusted EPS of \$0.21 to \$0.24
- GAAP EPS of \$0.05 to \$0.08
  - Includes ~\$100M of pre-tax restructuring

Key Takeaways

Separation is the best path to enhance shareholder value

- **Two strong market-leading companies positioned to capture unique industry opportunities and maximize value**
- **Each company with resources and focus to capitalize on growth opportunities in its respective market segment**
- **Leverage each company's distinct growth profile, operating model and cash flow characteristics to optimize capital structure and capital allocation**
- **Strong operational execution in 2016 is foundational to success**

Appendix

Revenue Trend

(in millions)	2013 FY	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 FY	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY**
Total Revenue	**$20,006**	**$4,771**	**$4,941**	**$4,795**	**$5,033**	**$19,540**	**$4,469**	**$4,590**	**$4,449**	**$4,653**	**$18,161**
Growth	*(2)%*	*(2)%*	*(2)%*	*(2)%*	*(3)%*	*(2)%*	*(6)%*	*(7)%*	*(7)%*	*(8)%*	*(7)%*
CC[1] Growth	*(3)%*	*(2)%*	*(3)%*	*(2)%*	*(1)%*	*(2)%*	*(2)%*	*(3)%*	*(4)%*	*(5)%*	*(3)%*
Annuity	**$16,648**	**$4,056**	**$4,160**	**$4,047**	**$4,173**	**$16,436**	**$3,845**	**$3,871**	**$3,781**	**$3,883**	**$15,380**
Growth	*(2)%*	*(2)%*	*(1)%*	*(1)%*	*(2)%*	*(1)%*	*(5)%*	*(7)%*	*(7)%*	*(7)%*	*(6)%*
CC[1] Growth	*(2)%*	*(2)%*	*(2)%*	*(1)%*	*Flat*	*(1)%*	*(1)%*	*(3)%*	*(3)%*	*(4)%*	*(3)%*
Annuity % Revenue	**83%**	**85%**	**84%**	**84%**	**83%**	**84%**	**86%**	**84%**	**85%**	**83%**	**85%**
Equipment	**$3,358**	**$715**	**$781**	**$748**	**$860**	**$3,104**	**$624**	**$719**	**$668**	**$770**	**$2,781**
Growth	*(3)%*	*(1)%*	*(9)%*	*(8)%*	*(11)%*	*(8)%*	*(13)%*	*(8)%*	*(11)%*	*(10)%*	*(10)%*
CC[1] Growth	*(4)%*	*(2)%*	*(9)%*	*(8)%*	*(9)%*	*(7)%*	*(8)%*	*(3)%*	*(7)%*	*(7)%*	*(6)%*

*Q3 reported total revenue of $4,333 down 10% or 6% CC; reported annuity revenue of $3,665 down 9% or 6% CC
** FY reported total revenue of $18,045 down 8% or 4% CC; reported annuity revenue of $15,264 down 7% or 4% CC
[1]Constant currency: see Non-GAAP Financial Measures

Segment Revenue Trend

(in millions)	2013 FY	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 FY	2015 Q1	2015 Q2	2015 Q3*	2015 Q4	2015 FY**
Services	**$10,479**	**$2,585**	**$2,651**	**$2,623**	**$2,725**	**$10,584**	**$2,514**	**$2,569**	**$2,532**	**$2,638**	**$10,253**
Growth	*2%*	*Flat*	*1%*	*1%*	*1%*	*1%*	*(3)%*	*(3)%*	*(3)%*	*(3)%*	*(3)%*
CC[1] Growth	*2%*	*Flat*	*1%*	*1%*	*3%*	*1%*	*1%*	*1%*	*Flat*	*Flat*	*Flat*
Document Technology	**$8,908**	**$2,044**	**$2,126**	**$2,029**	**$2,159**	**$8,358**	**$1,830**	**$1,880**	**$1,778**	**$1,877**	**$7,365**
Growth	*(6)%*	*(4)%*	*(6)%*	*(6)%*	*(8)%*	*(6)%*	*(10)%*	*(12)%*	*(12)%*	*(13)%*	*(12)%*
CC[1] Growth	*(6)%*	*(5)%*	*(7)%*	*(6)%*	*(6)%*	*(6)%*	*(6)%*	*(7)%*	*(9)%*	*(10)%*	*(8)%*
Other	**$619**	**$142**	**$164**	**$143**	**$149**	**$598**	**$125**	**$141**	**$139**	**$138**	**$543**
Growth	*(10)%*	*3%*	*(1)%*	*(1)%*	*(12)%*	*(3)%*	*(12)%*	*(14)%*	*(3)%*	*(7)%*	*(9)%*
CC[1] Growth	*(10)%*	*3%*	*(2)%*	*(2)%*	*(11)%*	*(3)%*	*(11)%*	*(14)%*	*(2)%*	*(7)%*	*(9)%*

*Q3 reported Services revenue of $2,416 down 8% or 4% CC
**FY reported Services revenue of $10,137 down 4% or 1% CC
[1]Constant currency: see Non-GAAP Financial Measures

Discontinued Operations Summary

(in millions)	Three Months Ended December 31, 2015 ITO	2015 Other	2015 Total	2014 ITO	2014 Other	2014 Total
Revenues	$ -	$ -	$ -	$ 327	$ -	$ 327
Income from operations (1)	$ -	$ -	$ -	$ 16	$ -	$ 16
Loss on disposal	-	-	-	(181)	-	(181)
Net loss before income taxes	-	-	-	(165)	-	(165)
Income tax benefit	-	-	-	16	-	16
Loss from discontinued operations, net of tax	$ -	$ -	$ -	$ (149)	$ -	$ (149)

(in millions)	Twelve Months Ended December 31, 2015 ITO	2015 Other	2015 Total	2014 ITO	2014 Other	2014 Total
Revenues	$ 619	$ -	$ 619	$ 1,320	$ 45	$ 1,365
Income (loss) from operations (1) (2)	$ 104	$ -	$ 104	$ 74	$ (1)	$ 73
Loss on disposal	(77)	-	(77)	(181)	(1)	(182)
Net income (loss) before income taxes	27	-	27	(107)	(2)	(109)
Income tax expense	(91)	-	(91)	(5)	(1)	(6)
Loss from discontinued operations, net of tax	$ (64)	$ -	$ (64)	$ (112)	$ (3)	$ (115)

(1) ITO Income from operations for fourth quarter 2014 and full year 2014 includes approximately $40 million and $161 million, respectively, of depreciation and amortization expenses (including intangible amortization of approximately $6 million and $27 million, respectively).

(2) ITO Income from operations for full year 2015 excludes approximately $80 million of depreciation and amortization expenses (including $14 million for intangible amortization) since the business was held for sale.

2016 Planned Reporting Changes

2016 Planned Reporting Changes

Adjusted EPS[1] to also exclude

- Restructuring and asset impairment costs
- Retirement related costs[2]
- Separation and related costs

Segments

- Moving Education / Student Loan business from Services to Other segment
- Excluding retirement related costs[2]

Constant Currency revenue growth

- Revising constant currency calculation to include developing markets

[1]Adjusted EPS: see Non-GAAP Financial Measures

[2]Non-service element of our defined benefit pension and retiree health plans

Revised 2015 EPS - New Reporting Basis

(in millions; except per share amounts)	Q1 Net Income	Q1 Diluted EPS	Q2 Net Income	Q2 Diluted EPS	Q3 Net (Loss) Income	Q3 Diluted EPS	Q4 Net Income	Q4 Diluted EPS	FY 2015 Net Income	FY 2015 Diluted EPS
As Reported [1]	$ 191	**$ 0.16**	$ 107	**$ 0.09**	$ (31)	**$ (0.04)**	$ 285	**$ 0.27**	$ 552	**$ 0.49**
Amortization of intangible assets	77		79		77		77		310	
Software impairment	-		146		-		-		146	
HE charge	-		-		389		-		389	
Restructuring charges - Xerox	14		11		20		(5)		40	
Retirement related costs	42		10		30		34		116	
Income tax on adjustments [2]	(47)		(90)		(198)		(45)		(380)	
Restructuring charges - Fuji Xerox	1		1		2		-		4	
Adjusted - revised	$ 278	**$ 0.24**	$ 264	**$ 0.23**	$ 289	**$ 0.27**	$ 346	**$ 0.33**	$ 1,177	**$ 1.07**
Memo: Adjusted - previous basis	*$ 239*	***$ 0.21***	*$ 246*	***$ 0.22***	*$ 258*	***$ 0.24***	*$ 333*	***$ 0.32***	*$ 1,076*	***$ 0.98***
Weighted average shares - adjusted EPS [3]		1,154		1,132		1,078		1,046		1,103

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

(2) The tax impact on the 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 - See Effective Tax Rate reconciliation.

(3) Average shares for the calculation of adjusted EPS include 27 million of shares associated with our Series A convertible preferred stock.

Revised 2015 Adjusted Effective Tax Rate - New Reporting Basis

(in millions)	Q1 Pre-Tax Income	Q1 Income Tax Expense	Q1 Effective Tax Rate	Q2 Pre-Tax Income	Q2 Income Tax (Benefit) Expense	Q2 Effective Tax Rate	Q3 Pre-Tax (Loss) Income	Q3 Income Tax (Benefit) Expense	Q3 Effective Tax Rate	Q4 Pre-Tax Income	Q4 Income Tax Expense	Q4 Effective Tax Rate	FY 2015 Pre-Tax Income	FY 2015 Income Tax (Benefit) Expense	FY 2015 Effective Tax Rate
Reported(1)	**$ 201**	**$ 39**	**19.4%**	**$ 74**	**$ (9)**	**(12.2)%**	**$ (173)**	**$ (105)**	**60.7%**	**$ 310**	**$ 52**	**16.8%**	**$ 412**	**$ (23)**	**(5.6)%**
Non-GAAP Adjustments(2)	133	47		246	90		516	198		106	45		1,001	380	
Adjusted - revised (3)	**$ 334**	**$ 86**	**25.7%**	**$ 320**	**$ 81**	**25.3%**	**$ 343**	**$ 93**	**27.2%**	**$ 416**	**$ 97**	**23.2%**	**$ 1,413**	**$ 357**	**25.2%**
Memo: Adjusted - previous basis			***24.5%***			***25.8%***			***24.6%***			***20.9%***			***23.7%***

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

(2) See Net Income/EPS reconciliation for details.

(3) The tax impact on the 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.

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Revised 2015 Segments - New Reporting Basis

(in $ millions)	Reported FY 15	Adj Reported FY15	New Reporting Basis Education/ Student Loan	Retirement Related Costs	Adj Revised FY15
Revenues					
Services	10,137	10,253	(175)		10,078
Document Technology	7,365	7,365			7,365
Other	543	543	175		718
Total Revenues	**18,045**	**18,161**	**-**		**18,161**
Segment Profit (Loss)					
Services	446	835	(51)	29	813
Document Technology	879	879		81	960
Other	(267)	(267)	51	6	(210)
Segment Profit (Loss)	**1,058**	**1,447**	**-**	**116**	**1,563**
Segment Margin					
Services	4.4%	8.1%			8.1%
Document Technology	11.9%	11.9%			13.0%
Other	(49.2%)	(49.2%)			(29.3%)
Segment Margin	**5.9%**	**8.0%**			**8.6%**

Revised 2015 Segments - New Reporting Basis

(in $ millions)	Revised 2015					Revised 2015 Adjusted for HE charge	
	Q1	Q2	Q3	Q4	Full Year	Adjusted Q3	Full Year
Revenues							
Services	2,467	2,526	2,367	2,602	9,962	2,483	10,078
Document Technology	1,830	1,880	1,778	1,877	7,365	1,778	7,365
Other	172	184	188	174	718	188	718
Total Revenues	**4,469**	**4,590**	**4,333**	**4,653**	**18,045**	**4,449**	**18,161**
Segment Profit (Loss)							
Services	187	181	(196)	252	424	193	813
Document Technology	232	235	248	245	960	248	960
Other	(47)	(62)	(55)	(46)	(210)	(55)	(210)
Segment Profit (Loss)	**372**	**354**	**(3)**	**451**	**1,174**	**386**	**1,563**
Segment Margin							
Services	7.6%	7.2%	(8.3%)	9.7%	4.3%	7.8%	8.1%
Document Technology	12.7%	12.5%	13.9%	13.1%	13.0%	13.9%	13.0%
Other	(27.3%)	(33.9%)	(29.0%)	(26.6%)	(29.3%)	(29.0%)	(29.3%)
Segment Margin	**8.3%**	**7.7%**	**(0.1%)**	**9.7%**	**6.5%**	**8.7%**	**8.6%**

Non-GAAP Measures

Non-GAAP Financial Measures

“Adjusted Revenue, Costs and Expenses, and Margin”:
During third quarter 2015, we recorded a pre-tax charge – the Health Enterprise (HE) charge – of $389 million ($241 million after-tax or 23 cents per share), which included a $116 million reduction to revenues. As a result of the significant impact of the HE charge on our reported revenues, costs and expenses as well as key metrics for the full-year period, we excluded the impact of this charge. In addition to the magnitude of the charge and its impact on our reported results, we excluded the HE charge due to the fact that it was primarily a unique charge associated with the conclusion, reached after a series of discussions, that fully completing our HE platform implementations in California and Montana was no longer considered probable.

“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 addition to the HE charge, the above items were also 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.

Software impairment charge (Q2 2015) - The software impairment charge is excluded due to its non-cash impact and the unique nature of the item both in terms of the amount and the fact that it was the result of a specific management action involving a change in strategy in our Government Healthcare Solutions business.

Deferred tax liability adjustment (Q4 2014) - The deferred tax liability adjustment was excluded due to its non-cash impact and the unusual nature of the item both in terms of the amount and the fact that it was the result of an infrequent change in a tax treaty impacting future distributions from Fuji Xerox.

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 HE charge and the amortization of intangible assets, operating income and margin also excludes 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 charges consist of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment charges include 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. 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.

“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 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. A reconciliation of this non-GAAP financial measure and the most directly comparable measure calculated and presented in accordance with GAAP is set forth in the slide entitled “2016 Guidance”.

Non-GAAP Financial Measures

Expected reporting changes in 2016: In 2016 we plan to revise the calculation of our Adjusted Earnings Measures to exclude the following items in addition to the amortization of intangibles:

- Restructuring and asset impairment 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 and related costs.

"Restructuring and Asset Impairment Costs": As previously noted Restructuring charges consist of costs primarily related to severance and benefits paid to employees pursuant to formal restructuring and workforce reduction plans. Asset impairment charges include 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. 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 a meaningful assessment of 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.

"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 and Related Costs": Separation and related costs are expenses incurred in connection with Xerox's planned separation into two independent, publicly traded companies as well as expenses related to the strategic transformation program. These costs are primarily for third-party investment banking, accounting, legal, consulting and other similar types of services. 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

“Constant Currency”: We also plan to revise 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 are currently excluded from the calculation. Over past few years the exchange markets for the currencies of all countries - developed countries and developing market countries - have experienced significant volatility and unpredictability. Additionally, due to the changing nature of the global economy and the increased economic dependencies among all countries, the currency exchange markets in the developing market countries are no longer materially different from those in the developed countries. As a result of these market dynamics and economic changes, 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. Applying this revised methodology in 2015 would have increased the constant currency revenue growth rate by about 1% for both the Total Company and the Document Technology segment. The impact of this change was not material for 2014.

NOTE: The above noted changes are effective for our 2016 reporting. When these measures are presented in 2016, the prior year measures will be revised accordingly to conform to the changes.

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.

Unless otherwise noted, reconciliations 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.

Q4 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended December 31, 2015 Net Income	Three Months Ended December 31, 2015 EPS	Three Months Ended December 31, 2014 Net Income	Three Months Ended December 31, 2014 EPS
Reported[(1)]	**$ 285**	**$ 0.27**	**$ 349**	**$ 0.30**
Adjustments:				
Amortization of intangible assets	48	0.05	52	0.05
Deferred tax liability adjustment	-	-	(44)	(0.04)
Adjusted	**$ 333**	**$ 0.32**	**$ 357**	**$ 0.31**
Weighted average shares for adjusted EPS[(2)]		1,046		1,171
Fully diluted shares at end of period[(3)]		1,046		

(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.

(3) Represents common shares outstanding at December 31, 2015 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 fourth quarter 2015.

FY GAAP EPS to Adjusted EPS Track

	Year Ended December 31, 2015		Year Ended December 31, 2014	
(in millions; except per share amounts)	Net Income	EPS	Net Income	EPS
Reported[1]	**$ 552**	**$ 0.49**	**$ 1,128**	**$ 0.94**
Adjustments:				
Amortization of intangible assets	193	0.18	196	0.17
Software impairment	90	0.08	-	-
HE Charge	241	0.23	-	-
Deferred tax liability adjustment	-	-	(44)	(0.04)
Adjusted	**$ 1,076**	**$ 0.98**	**$ 1,280**	**$ 1.07**
Weighted average shares for adjusted EPS[2]		1,103		1,199
Fully diluted shares at end of period[3]		1,046		

(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.

(3) Represents common shares outstanding at December 31, 2015 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 fourth quarter 2015.

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share	
	Q1 2016	FY 2016
GAAP EPS from Continuing Operations	$0.05 - $0.08	$0.66 - $0.76
Non-GAAP Adjustments	$0.16	$0.44
Adjusted EPS	$0.21 - $0.24	$1.10 - $1.20

Note: Adjusted EPS guidance excludes amortization of intangible assets, restructuring and asset impairment costs and certain retirement related costs. Separation and related costs are not yet finalized and thus are not included in EPS guidance, but will be excluded from Adjusted EPS in the future.

Q4 Adjusted Operating Income/Margin

	Three Months Ended December 31, 2015			Three Months Ended December 31, 2014		
(in millions)	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported Pre-tax Income[1]	**$ 310**	**$ 4,653**	**6.7%**	**$ 348**	**$ 5,033**	**6.9%**
Adjustments:						
Amortization of intangible assets	77			83		
Restructuring and asset impairment charges	(5)			36		
Other expenses, net	46			57		
Adjusted Operating Income/Margin	**$ 428**	**$ 4,653**	**9.2%**	**$ 524**	**$ 5,033**	**10.4%**

(1) Profit and Revenue from continuing operations

FY Adjusted Operating Income/Margin

	Year Ended December 31, 2015			Year Ended December 31, 2014		
(in millions)	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported Pre-tax Income[(1)]	**$ 412**	**$ 18,045**	**2.3%**	**$ 1,206**	**$ 19,540**	**6.2%**
Adjustments:						
Amortization of intangible assets	310			315		
Restructuring and asset impairment charges	186			128		
HE charge	389	116		-		
Other expenses, net	233			232		
Adjusted Operating Income/Margin	**$ 1,530**	**$ 18,161**	**8.4%**	**$ 1,881**	**$ 19,540**	**9.6%**

(1) Profit and Revenue from continuing operations

Q4 and FY Adjusted Other, Net

(in millions)	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014
Other expenses, net - Reported	**$ 46**	**$ 57**
Adjustments:		
Xerox restructuring charge	(5)	36
Net income attributable to noncontrolling interests	5	6
Other expenses, net - Adjusted	**$ 46**	**$ 99**

(in millions)	Year Ended December 31, 2015	Year Ended December 31, 2014
Other expenses, net - Reported	**$ 233**	**$ 232**
Adjustments:		
Xerox restructuring charge	186	128
Net income attributable to noncontrolling interests	18	23
Other expenses, net - Adjusted	**$ 437**	**$ 383**

Q4 and FY Adjusted Effective Tax Rate

(in millions)	Three Months Ended December 31, 2015 Pre-Tax Income	Three Months Ended December 31, 2015 Income Tax Expense	Three Months Ended December 31, 2015 Effective Tax Rate	Three Months Ended December 31, 2014 Pre-Tax Income	Three Months Ended December 31, 2014 Income Tax Expense	Three Months Ended December 31, 2014 Effective Tax Rate
Reported[1]	**$ 310**	**$ 52**	**16.8%**	**$ 348**	**$ 34**	**9.8%**
Adjustments:						
Amortization of intangible assets	77	29		83	31	
Deferred tax liability adjustment	-	-		-	44	
Adjusted	**$ 387**	**$ 81**	**20.9%**	**$ 431**	**$ 109**	**25.3%**

(in millions)	Year Ended December 31, 2015 Pre-Tax Income	Year Ended December 31, 2015 Income Tax (Benefit) Expense	Year Ended December 31, 2015 Effective Tax Rate	Year Ended December 31, 2014 Pre-Tax Income	Year Ended December 31, 2014 Income Tax Expense	Year Ended December 31, 2014 Effective Tax Rate
Reported[1]	**$ 412**	**$ (23)**	**(5.6%)**	**$ 1,206**	**$ 215**	**17.8%**
Adjustments:						
Amortization of intangible assets	310	117		315	119	
Software impairment	146	56		-	-	
HE charge	389	148		-	-	
Deferred tax liability adjustment	-	-		-	44	
Adjusted	**$ 1,257**	**$ 298**	**23.7%**	**$ 1,521**	**$ 378**	**24.9%**

(1) Pre-Tax Income and Income Tax Expense (Benefit) from continuing operations

Q4 and FY Services Revenue Breakdown

(in millions)	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	% Change	CC % Change	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	2015 % Change	2015 CC % Change
Business Processing Outsourcing	$ 1,786	$ 1,858	(4%)	(2%)	$ 6,872	$ 7,218	$ 7,161	(5%)	(3%)
Document Outsourcing	852	867	(2%)	3%	3,265	3,366	3,318	(3%)	3%
Total Revenue - Services	**$ 2,638**	**$ 2,725**	(3%)	-%	**$ 10,137**	**$ 10,584**	**$ 10,479**	(4%)	(1%)
As Adjusted:									
Business Processing Outsourcing					$ 6,988	$ 7,218	$ 7,161	(3%)	(1%)
Total Revenue - Services					$ 10,253	$ 10,584	$ 10,479	(3%)	-%

Note: The above table has been revised to reflect the reclassification of the ITO business to Discontinued Operations and excludes intercompany revenue.

FY Adjusted Total Revenue/Margin

(in millions)	Year Ended December 31, 2015 Total Revenue	Annuity Revenue	Outsourcing, Maintenance and Rentals Revenue	Total Segment Profit	Total Segment Margin
Reported[1]	**$ 18,045**	**$ 15,264**	**$ 12,951**	**$ 1,058**	**5.9%**
Adjustment:					
HE Charge	116	116	116	389	
Adjusted	**$ 18,161**	**$ 15,380**	**$ 13,067**	**$ 1,447**	**8.0%**

(1) Revenue from continuing operations.

FY Adjusted Services Segment

	Year Ended December 31, 2015								
(in millions)		Annuity Revenue		BPO Revenue		Segment Revenue	% of Total Revenue		Segment Profit	Segment Margin
Reported[1]	**$**	**9,644**	**$**	**6,872**	**$**	**10,137**	**56%**	**$**	**446**	**4.4%**
Adjustment:										
HE Charge		116		116		116			389	
Adjusted	**$**	**9,760**	**$**	**6,988**	**$**	**10,253**	**56%**	**$**	**835**	**8.1%**

(1) Revenue from continuing operations.

FY Adjusted Key Financial Ratios

(in millions)	Year Ended December 31, 2015		
	Gross Margin	RD&E as % of Revenue	SAG as % of Revenue
Reported[1]	**29.2%**	**3.1%**	**19.7%**
Adjustment:			
HE Charge	1.9%	-	(0.1)%
Adjusted	**31.1%**	**3.1%**	**19.6%**

(1) Revenue from continuing operations.

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