First-Quarter 2014 Earnings Presentation

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April 22, 2014

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 and the relocation of our service delivery centers; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk in the hiring and retention of qualified personnel; 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 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; service interruptions; interest rates, cost of borrowing and access to credit markets; reliance on third parties, including subcontractors, 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 2013 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.

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Xerox Direction

- Grow revenue
- Generate profits in line with industry's best
- Strengthen and differentiate the portfolio
- Support customers and our people
- Allocate capital to enhance shareholder returns

Annuity 86%
of Total Revenue

Services 57%
of Total Revenue

First-Quarter Overview

Adjusted EPS[1] of 27 cents, GAAP EPS[2] of 23 cents

Total revenue of $5.1B, down 2%

Services revenue flat YOY; margin of 8.6%

- Revenue growth improved sequentially
- Higher than anticipated cost from roll-out of government healthcare platforms pressured margins

Document Technology revenue down 4% or 5% CC[1]; margin of 12.2%

- Stable trends with good color install activity growth, especially at high-end
- Margin above 9 -11% range, good cost and expense management

Operating margin[1] of 8.6%, up 110 bps YOY

Cash from operations of $286M

- Q1 share repurchase of $275M

[1]Adjusted EPS, Constant Currency (CC) and Operating Margin: see slide 21 for explanation of non-GAAP measures
[2]GAAP EPS from Continuing Operations

Earnings

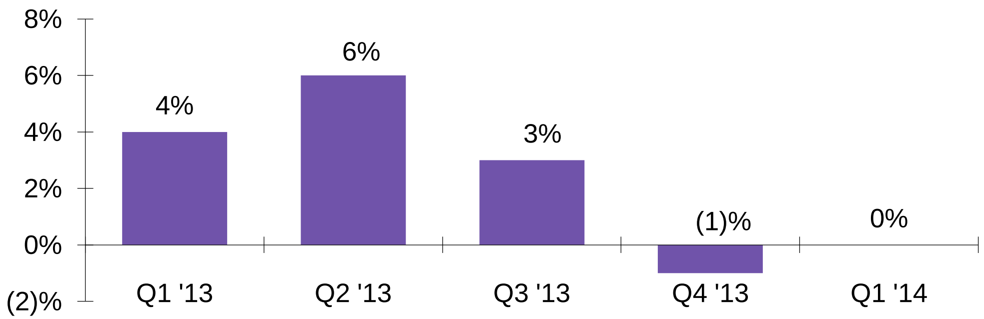
(in millions, except per share data)	Q1 2014	B/(W)	Comments
Revenue	$ 5,121	$ (81)	Services Flat YOY, Document Technology down 5% CC[1]
Gross Margin	30.2%	(0.3) pts	
RD&E	$ 144	$ 10	
SAG	$ 961	$ 79	
SAG % of Revenue	*18.8%*	*1.2 pts*	
Adjusted Operating Income[1]	**$ 442**	**$ 50**	13% growth in Operating Profit driven by Document Technology
Operating Income % of Revenue	*8.6%*	*1.1 pts*	
Adjusted Other, net[1]	$ 72	$ (59)	Restructuring $35M higher YOY and O(I)D $23M higher YOY
Equity Income	$ 42	$ (5)	
Adjusted Tax Rate[1]	21.6%	(0.2) pts	
Adjusted Net Income – Xerox[1]	**$ 331**	**$ (13)**	
Adjusted EPS[1]	**$ 0.27**	**Flat**	Above guidance of 23 to 25 cents
Amortization of intangible assets	0.04	Flat	
GAAP EPS[2]	**$ 0.23**	**Flat**	

[1]Constant Currency (CC), Adjusted Operating Income, Adjusted Other, net, Adjusted Tax Rate, Adjusted Net Income – Xerox and Adjusted EPS: see slide 21 for explanation of non-GAAP measures
[2]GAAP EPS from Continuing Operations

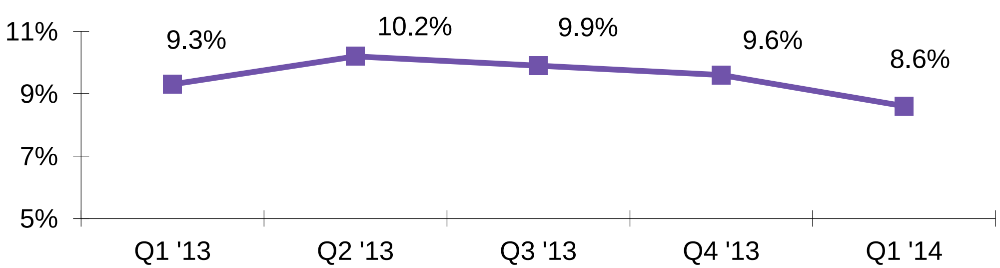
Services Segment

(in millions)	Q1 2014	% B/(W) YOY Act Cur	% B/(W) YOY CC[1]
Total Revenue	$2,923	Flat	Flat
Segment Profit	$251	(8)%	
Segment Margin	8.6%	(0.7) pts	

Revenue Growth Trend (CC)



Segment Margin Trend



Revenue growth improved from Q4

Margin flat YOY excluding incremental investments in government healthcare

Five-Plank Strategy progressing

- Good growth outside U.S.
- Cost benefits build thru '14

Signings

- BPO/ITO renewal rate of 91%, but fewer renewal decisions YOY
- New business signings[2] down 7% YOY

Signings (TCV)

Business Process Outsourcing	$2.1
Document Outsourcing	$0.65
Information Technology Outsourcing	$0.2
Total	**$2.95B**
YOY Growth	(20)%
TTM Growth	1%

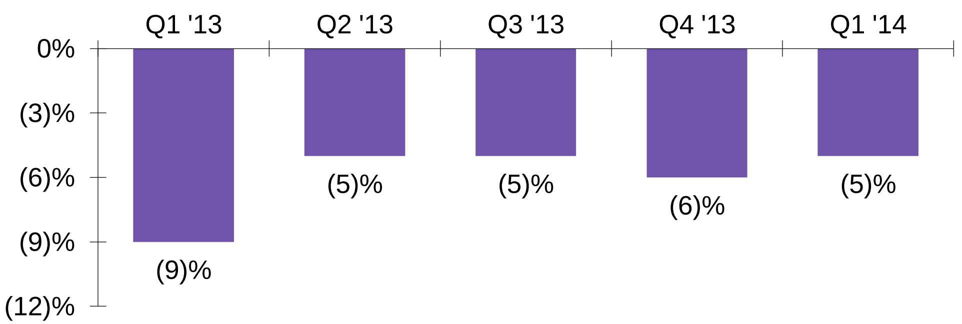
[1]Constant currency (CC): see slide 21 for explanation of non-GAAP measures

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

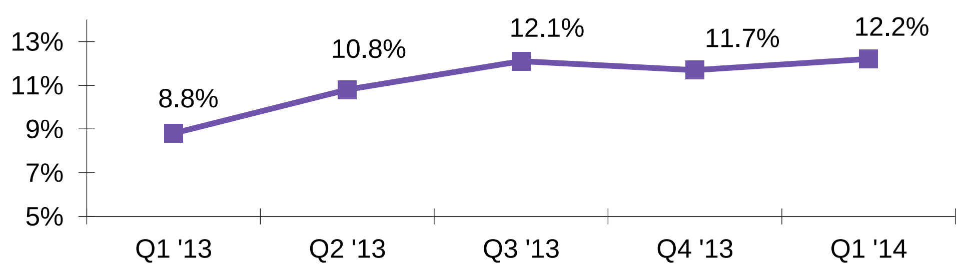
Document Technology Segment

(in millions)	Q1 2014	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$2,045	(4)%	(5)%
Segment Profit	$250	34%	
Segment Margin	12.2%	3.4 pts	

Revenue Growth Trend (CC)



Segment Margin Trend



Document Technology trends

- Stable U.S., improving Europe, continued weakness in developing markets

Over half of revenue from mid-range

- 57% mid-range, 22% high-end and 21% entry

Strong margin of 12.2%

- Flow through of benefits from cost actions, restructuring and lower pension expense

	Q1
Entry Installs	
A4 Mono MFDs	(4)%
A4 Color MFDs	20%
Color Printers	2%
Mid-Range Installs	
Mid-Range B&W MFDs	(14)%
Mid-Range Color MFDs	7%
High-End Installs	
High-End B&W	(14)%
High-End Color[2]	33%

[1]Constant currency (CC): see slide 21 for explanation of non-GAAP measures
[2]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 47% in Q1 excluding DFE's.

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Cash Flow

(in millions)	Q1 2014
Net Income	$ 286
Depreciation and amortization	345
Restructuring and asset impairment charges	27
Restructuring payments	(36)
Contributions to defined benefit pension plans	(37)
Inventories	(60)
Accounts receivable and Billed portion of finance receivables[1]	(119)
Accounts payable and Accrued compensation	8
Equipment on operating leases	(57)
Finance receivables[1]	57
Other	(128)
Cash from Operations	**$ 286**
Cash from Investing	**$ (120)**
Cash from Financing	**$ (349)**
Change in Cash and Cash Equivalents	(197)
Ending Cash and Cash Equivalents	**$ 1,567**

Cash From Ops $286M

- YOY increase of $373M
- Underlying Cash from Ops[2] $409M

Working capital better YOY

- Improved Accounts Receivable and Accounts Payable, in part reflects timing
- Inventory – higher in 2013 related to ConnectKey launch

CAPEX $103M

Acquisitions $54M; Invoco German customer care business

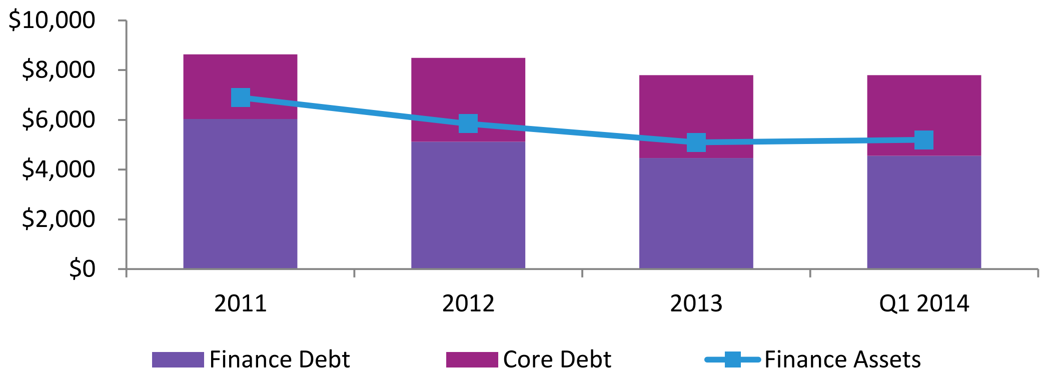
Share Repurchase of $275M and $68M of Common Stock Dividends

[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]See Underlying Cash Flow slide in Appendix

Capital Structure

Debt and Finance Asset Trend
(in millions)



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

Q1 2014

(in billions)	Fin. Assets	Debt
Financing	$5.0	$ 4.4
Core	-	$ 3.6
Total Xerox	$ 5.0	$ 8.0

Over half Xerox debt supports finance assets

Core debt level managed to maintain investment grade

$1.1B of debt due May '14, $200M pre-funded in Dec '13

- Expect to re-finance balance throughout the year

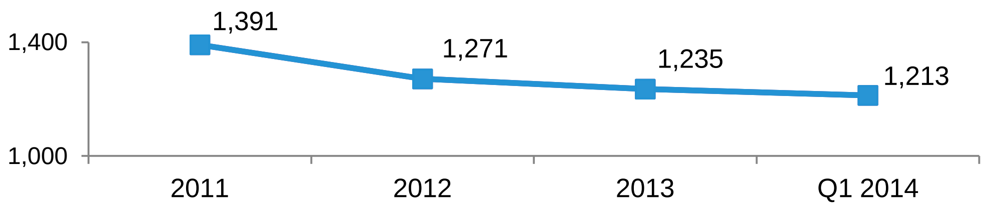
Amended $2B Revolving Credit Agreement in Q1 '14

- Extended to March 2019, lowered pricing

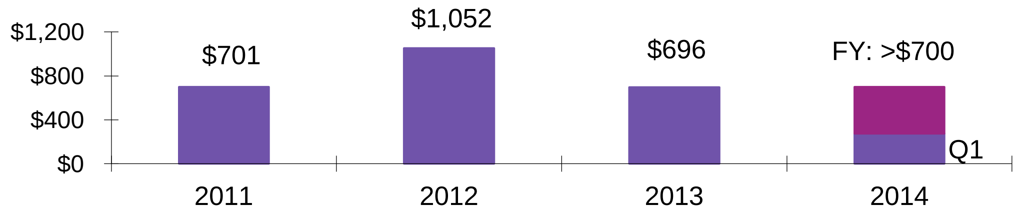
Capital Allocation Enhances Shareholder Returns

Share Repurchase Program

Shares Outstanding (ending fully diluted[1], in millions)

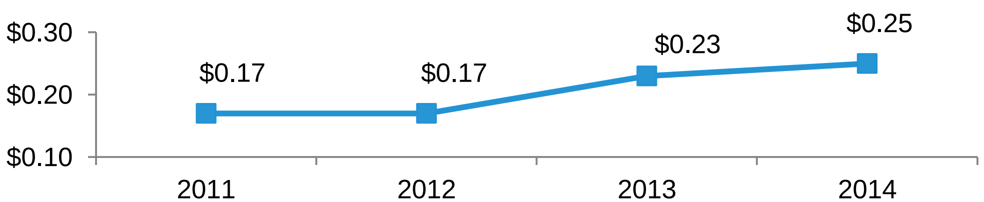


Shares Repurchased ($M)



Dividend Program

Dividend per share (annualized)



$275M Share Repurchase in Q1

Increasing guidance to at least $700M Full Year

17% reduction in net Shares Outstanding since 2010

Quarterly dividend increased to 6.25 cents per share[2]

Expect ~$300M in dividend payments Full Year

[1]Ending fully diluted: see slide 21 for explanation of non-GAAP measures

[2]Dividend increase effective for common dividend payable on April 30, 2014

2014 Guidance

	2014
Revenue Growth @ CC	Flat to slightly down
Services	~3% growth
Document Technology	Mid-single digit decline
Adjusted EPS[1] (incl restructuring)	$1.07 - $1.13
GAAP EPS	$0.90 - $0.96
Cash From Operations	$1.8 - $2.0B
CAPEX	$ 0.5B
Free Cash Flow	$1.3 - $1.5B
Share Repurchase	>$700M
Acquisitions	<$500M
Dividend	~$300M

Revenue
- Slower start in Services, Doc Technology in-line
- Later contribution from acquisitions
- Services growth expected to average mid-single digits in 2H

Earnings
- Lowering Services margin guidance, driven by government healthcare
- Partial offsets include:
  - Modest upside to Doc Technology
  - FY Tax Rate of 24% to 26%
  - Fewer shares

Cash flow guidance remains $1.8 - $2.0B

Increasing share repurchase to at least $700M

Note: Revenue growth guidance excluding potential divestitures

[1]Adjusted for amortization of intangible assets

Constant Currency (CC), Adjusted EPS and Free Cash Flow: see slide 21 for explanation of non-GAAP measures

Summary

Q1 Document Technology profitability offset Services shortfall

- Total operating profit growth and strong cash flow
- Document Technology showing continued strong margins and activity

Working to accelerate growth and improve Services margin

- Executing Five-Plank strategy under new leadership
- Healthcare sector opportunity remains attractive; investing to implement government healthcare platforms

Strong cash position enables additional share repurchase

Guidance reflects higher investments in government healthcare

- Q2 Adjusted EPS[1] \$0.25 - \$0.27, GAAP EPS[2] \$0.21 - \$0.23
  - Includes approximately 2 cents restructuring
- FY Adjusted EPS[1] \$1.07 - \$1.13, GAAP EPS[2] \$0.90 - \$0.96

[1]Guidance - Adjusted EPS: see slide 21 for explanation of non-GAAP measures

[2]GAAP EPS from Continuing Operations

Q&A

Appendix

Revenue Trend

	2012	2013					2014
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1
Total Revenue	**$21,737**	**$5,202**	**$5,402**	**$5,262**	**$5,569**	**$21,435**	**$5,121**
Growth	*(1)%*	*(2)%*	*1%*	*Flat*	*(3)%*	*(1)%*	*(2)%*
CC[1] Growth	*Flat*	*(2)%*	*1%*	*(1)%*	*(4)%*	*(2)%*	*(2)%*
Annuity	**$18,261**	**$ 4,478**	**$4,547**	**$4,451**	**$4,600**	**$18,076**	**$4,406**
Growth	*1%*	*(1)%*	*1%*	*Flat*	*(3)%*	*(1)%*	*(2)%*
CC[1] Growth	*2%*	*(1)%*	*1%*	*(1)%*	*(3)%*	*(1)%*	*(2)%*
Annuity % Revenue	**84%**	**86%**	**84%**	**85%**	**83%**	**84%**	**86%**
Equipment	**$3,476**	**$724**	**$855**	**$811**	**$969**	**$3,359**	**$715**
Growth	*(10)%*	*(11)%*	*1%*	*1%*	*(4)%*	*(3)%*	*(1)%*
CC[1] Growth	*(8)%*	*(11)%*	*1%*	*Flat*	*(5)%*	*(4)%*	*(2)%*

[1]Constant currency: see slide 21 for explanation of non-GAAP measures

Segment Revenue Trend

	2012	2013					2014
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1
Services	**$11,528**	**$2,920**	**$2,956**	**$2,944**	**$3,039**	**$11,859**	**$2,923**
Growth	*6%*	*4%*	*5%*	*3%*	*Flat*	*3%*	*Flat*
CC[1] Growth	*7%*	*4%*	*6%*	*3%*	*(1)%*	*3%*	*Flat*
Document Technology	**$9,462**	**$2,135**	**$2,263**	**$2,159**	**$2,351**	**$8,908**	**$2,045**
Growth	*(8)%*	*(9)%*	*(5)%*	*(4)%*	*(6)%*	*(6)%*	*(4)%*
CC[1] Growth	*(6)%*	*(9)%*	*(5)%*	*(5)%*	*(6)%*	*(6)%*	*(5)%*
Other	**$747**	**$147**	**$183**	**$159**	**$179**	**$668**	**$153**
Growth	*(7)%*	*(15)%*	*(5)%*	*(6)%*	*(16)%*	*(11)%*	*4%*
CC[1] Growth	*(6)%*	*(15)%*	*(5)%*	*(8)%*	*(17)%*	*(11)%*	*3%*

[1]Constant currency: see slide 21 for explanation of non-GAAP measures

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Metrics Reference

Signings and Renewal Rate

	Q1
Business Process Outsourcing	$2.1
Document Outsourcing	$0.65
Information Technology Outsourcing	$0.2
Total	**$2.95B**
Signings Growth TTM	1%

	Q1
Renewal Rate (BPO and ITO)	91%

Install, MIF and Page Growth

Entry Installs	**Q1**
A4 Mono MFDs	(4)%
A4 Color MFDs	20%
Color Printers	2%
Mid-Range Installs	
Mid-Range B&W MFDs	(14)%
Mid-Range Color MFDs	7%
High-End Installs	
High-End B&W	(14)%
High-End Color[1]	33%

	Q1
Digital MIF	3%
Color MIF	14%
Digital Pages	(3)%
Color Pages	8%
Color Revenue (CC)	Flat

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 47% YTD excluding DFE's.

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Underlying Cash Flow

(in billions)	Q1 2014	Estimated FY 2014	Q1 2013	FY 2013
Operating Cash Flow (OCF)	$0.3	$1.8 - $2.0	($0.1)	$2.4
Adjustments:				
Cash From F/R Sales	-	-	-	($0.6)
Impact from prior F/R Sales[1]	$0.1	$0.4	$0.1	$0.3
Underlying OCF[2]	$0.4	$2.2 - $2.4	$0.0	$2.1

[1]Represents cash that would have been collected if we had not sold finance receivables. Net of collections on beneficial interest.

[2]Underlying OCF is reported OCF adjusted for the impacts of Finance Receivable sales.

Discontinued Operations Summary

(in millions)	Three Months Ended March 31, 2014	2013
Revenues	$ -	$ 154
Income from operations	$ -	$ 5
Gain on disposal	2	-
Net income before income taxes	2	5
Income tax expense	-	2
Income from discontinued operations, net of tax	$ 2	$ 3
Diluted earnings per share from discontinued operations	$ -	$ -
Total diluted earnings per share, inclusive of discontinued operations	$ 0.23	$ 0.23

Note: First Quarter 2013 revenue from discontinued operations reflects three months of revenue from our European paper business as the sale was completed October 31, 2013 and three months of revenue from our N.A. paper business as this sale was completed May 31, 2013.

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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 2014 and 2013, 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.

"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.

Non-GAAP Financial Measures

“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.

Q1 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended March 31, 2014				Three Months Ended March 31, 2013			
	Net Income		EPS		Net Income		EPS	
Reported[(1)]	**$**	**279**	**$**	**0.23**	**$**	**293**	**$**	**0.23**
Adjustments:								
Amortization of intangible assets		52		0.04		51		0.04
Adjusted	**$**	**331**	**$**	**0.27**	**$**	**344**	**$**	**0.27**
Weighted average shares for adjusted EPS[(2)]				1,225				1,280
Fully diluted shares at end of period[(3)]				1,213				

(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 March 31, 2014 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 first quarter 2014.

GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share Guidance	
	Q2 2014	**FY 2014**
GAAP EPS from Continuing Operations	**$0.21 - $0.23**	**$0.90 - $0.96**
<u>Adjustments:</u>		
Amortization of intangible assets	0.04	0.17
Adjusted EPS	**$0.25 - $0.27**	**$1.07 - $1.13**

Note: GAAP and Adjusted EPS guidance includes anticipated restructuring

Q1 Adjusted Operating Income/Margin

(in millions)	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported pre-tax income [(1)]	**$ 291**	**$ 5,121**	**5.7%**	**$ 300**	**$ 5,202**	**5.8%**
Adjustments:						
Amortization of intangible assets	84			83		
Xerox restructuring charge	27			(8)		
Other expenses, net	40			17		
Adjusted Operating	**$ 442**	**$ 5,121**	**8.6%**	**$ 392**	**$ 5,202**	**7.5%**

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

Q1 Adjusted Other, net

(in millions)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Other expenses, net - Reported	**$ 40**	**$ 17**
Adjustments:		
Xerox restructuring charge	27	(8)
Net income attributable to noncontrolling interests	5	4
Other expenses, net - Adjusted	**$ 72**	**$ 13**

Q1 Adjusted Effective Tax Rate

	Three Months Ended March 31, 2014			Three Months Ended March 31, 2013		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate
Reported[(1)]	**$ 291**	**$ 49**	**16.8%**	**$ 300**	**$ 50**	**16.7%**
Adjustments:						
Amortization of intangible assets	84	32		83	32	
Adjusted	**$ 375**	**$ 81**	**21.6%**	**$ 383**	**$ 82**	**21.4%**

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

Q1 Services Revenue Breakdown

(in millions)	Three Months Ended March 31, 2014	2013	Change
Business Processing Outsourcing	$ 1,767	$ 1,802	(2%)
Document Outsourcing	823	788	4%
Information Technology Outsourcing	378	375	1%
Less: Intra-Segment Eliminations	(45)	(45)	- %
Total Revenue - Services	**$ 2,923**	**$ 2,920**	**- %**

Note:
2013 Business Process Outsourcing (BPO) and Information Technology Outsourcing (ITO) revenues have been revised to conform to the 2014 presentation of revenues.

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