xerox

Earnings Presentation

Q1 2020 RESULTS | APRIL 28, 2020

Forward-Looking Statements

This presentation, and other written or oral statements made from time to time by management contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate", "believe", "estimate", "expect", "intend", "will", "should", "targeting", "projecting", "driving" and similar expressions, as they relate to us, our performance and/or our technology, are intended to identify forward-looking statements. These statements reflect management's current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. Such factors include but are not limited to: our ability to address our business challenges in order to reverse revenue declines, reduce costs and increase productivity so that we can invest in and grow our business; our ability to attract and retain key personnel; changes in economic and political conditions, trade protection measures, licensing requirements and tax laws in the United States and in the foreign countries in which we do business; the imposition of new or incremental trade protection measures such as tariffs and import or export restrictions; changes in foreign currency exchange rates; our ability to successfully develop new products, technologies and service offerings and to protect our intellectual property rights; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term and that civil or criminal penalties and administrative sanctions could be imposed on us if we fail to comply with the terms of such contracts and applicable law; the risk that partners, subcontractors and software vendors will not perform in a timely, quality manner; actions of competitors and our ability to promptly and effectively react to changing technologies and customer expectations; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions; the risk that confidential and/or individually identifiable information of ours, our customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security systems due to cyber attacks or other intentional acts; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; the exit of the United Kingdom from the European Union; our ability to manage changes in the printing environment and expand equipment placements; interest rates, cost of borrowing and access to credit markets; funding requirements associated with our employee pension and retiree health benefit plans; the risk that our operations and products may not comply with applicable worldwide regulatory requirements, particularly environmental regulations and directives and anti-corruption laws; the outcome of litigation and regulatory proceedings to which we may be a party; any impacts resulting from the restructuring of our relationship with Fujifilm Holdings Corporation; and the shared services arrangements entered into by us as part of Project Own It;. Additional risks that may affect Xerox's operations and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of Xerox Holdings Corporation's and Xerox Corporation's 2019 Annual Report on Form 10-K, as well as in Xerox Corporation's and Xerox Holdings Corporation's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

The effects of the COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remain uncertain.

The COVID-19 pandemic has negatively impacted the global economy, disrupted customer spending and global supply chains, and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on our business and financial performance, including our ability to execute our near-term and long-term business strategies and initiatives within the expected time frames, will depend on future developments, including the duration and severity of the pandemic and the extent and effectiveness of containment actions, the availability of therapeutics and the development of a vaccine, which are uncertain and cannot be predicted.

Our operations are being negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, most countries, states, counties and cities have imposed and continue to impose a wide range of restrictions on our employees', partners' and customers' physical movement to limit the spread of COVID-19 including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns. Such restrictions limit our ability, as well as that of our channel partners, to sell, install and service our equipment for our customers, negatively impacting our operations and financial performance. Further, many countries are requiring businesses to remain closed unless they or their employees are deemed essential. In turn, businesses are requiring their office employees to work from home for extended periods of time, which is negatively impacting both sales and use of Xerox products, supplies and services. The longer this persists, the greater effect it will have on our business.

These forward-looking statements speak only as of the date of this presentation or as of the date to which they refer, and Xerox assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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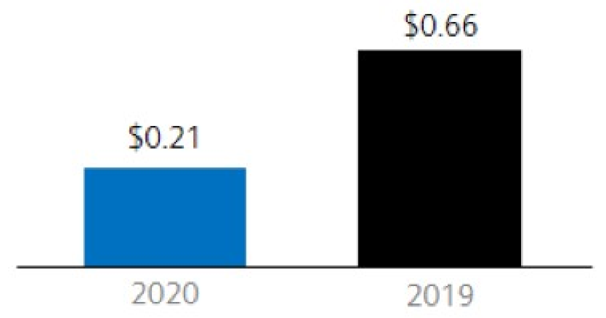
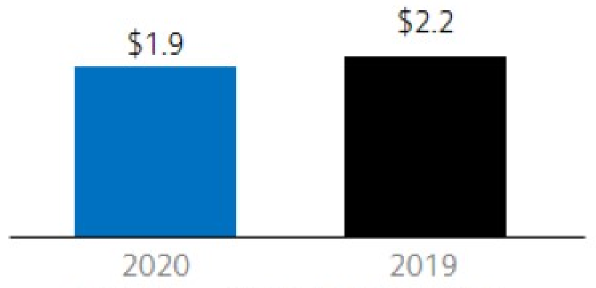
Q1 2020 Key Financial Measures

Adj[1] Earnings Per Share



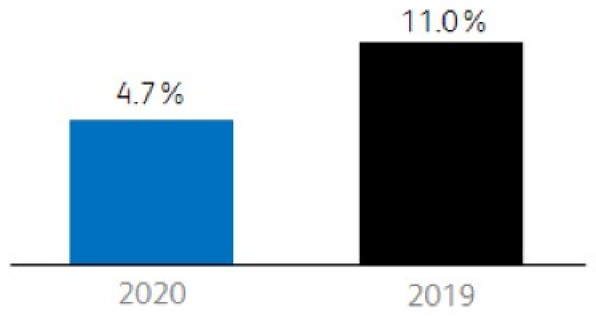
GAAP (Loss) EPS $(0.03) $0.34

Revenue ($B)

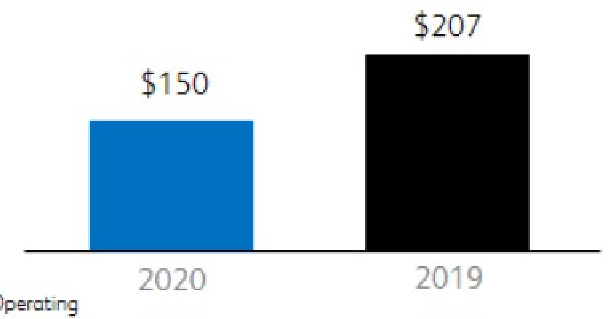


2020 % Change: (14.7)% @ AC, (13.9)% @ CC[1]

Adj[1] Operating Margin

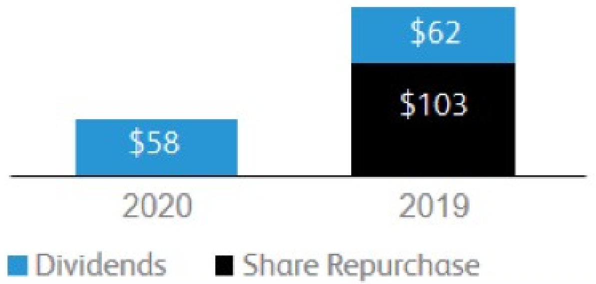


Free Cash Flow[1] ($M)



Operating Cash Flow $173 $222

Shareholder Returns ($M)



NOTE 1: The financial results presented in these slides are from continuing operations, and exclude the results of Fuji Xerox equity income and XIP, which are presented as discontinued operations.

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

First-Quarter Impact from COVID-19

~96%	~50%	~$100M	~$60M
of countries where Xerox operates had partial or full lockdowns	decrease in page volumes during the March timeframe	of lower revenues due to delayed installs	bad debt charge recorded during the quarter

Countries with partial or full lockdowns where Xerox operates

Partial or full lockdowns as of March 31, 2020

Strategic Initiatives to Transform Xerox

Optimize operations for simplicity	• Continuously improve operating model for greater efficiency • Further optimize the supply chain and supplier competitiveness • Leverage digital technologies to make it easier to work with Xerox
Drive revenue	• Enhance the customer experience • Expand integrated solutions comprised of hardware, software and services • Focus on driving growth within the SMB
Re-energize the innovation engine	• Invest in growing market segments such as AI and IoT • Leverage software capabilities to launch new services • Monetize new innovations
Focus on cash flow and increasing capital returns	• Maximize cash flow generation • Return at least 50% of free cash flow to shareholders • Focus on ROI and internal rate of return to make capital allocation decisions

Frequently Asked Questions

What is the impact of COVID-19 on your three-year plan?

We finished 2019 ahead of schedule on most of the financial targets in our three-year plan. But in 2020 we have already been significantly impacted by the COVID-19 crisis, which has caused office and workplace closures throughout the world, resulting in reduced sales and use of our equipment. Our business is largely contractual, and Q1 renewals were strong, so as closures are lifted we expect that we will see more normalized trends emerge over the course of 2020.

We are working to mitigate the impact of this crisis on our business, but given the uncertainty surrounding the crisis we do not believe we can accurately forecast revenue, adjusted operating margin, adjusted EPS and free cash flow at this time.

What is the status of Project Own It and your cost-saving initiatives?

We remain on track to generate the planned $450M in gross savings in 2020. The discipline instilled across the company through Project Own It enabled us to move quickly to take actions in response to the COVID-19 pandemic. In early March, we implemented an operational resilience plan with an even greater focus on cash management and preserving our strong balance sheet during the pandemic. As part of this increased focus we immediately initiated cost-saving initiatives directed at discretionary spend.

We have increased our already intense focus on cash and keeping our balance sheet strong throughout the crisis and resulting economic turmoil. History shows preserving cash is a key factor among those who come out of such situations in a position of strength, and we are confident we will be among them.

What is your longer term revenue trajectory in light of COVID-19?

From a revenue perspective, our underlying business is strong, and we expect to rebound as stay at home orders are lifted and people begin to return to work globally.

We had strong signings in Q1, which combined with delayed installations has resulted in a latent demand. In addition, due to the nature of our business, we benefit from multi-year contracts, many with fixed minimum payments independent of page volumes.

In the longer term, we expect to see increased competitiveness in the print industry and investments in software and services that enhance mobility and security as key drivers of growth. This year, we launched IT Services across all our XBS cores, our Digital Hub & Cloud Print, as well as a new All-in Plan for printers. In response to the current crisis, we are offering bundled packages aimed at remote workers and remote learning that include printers, laptops, services and more – delivered right to the home. We will also continue to invest in our five innovation pillars (3D, sensors and IoT, clean tech, digital packaging, and AI).

What are your capital allocation priorities for the balance of 2020?

We continue to be opportunistic about M&A despite the COVID-19 crisis. We acquired four smaller companies in Q1, extending our strategy to grow in the SMB market in Canada and the UK. As we have always done, we will evaluate the returns of any cash allocation strategy, including share buybacks, to achieve the best returns for our shareholders.

We are committed to our shareholder return policy (including our current dividend rate) of returning at least 50% of annual free cash flow.

We have a strong balance sheet and liquidity, with approximately $2.7B of cash, cash equivalents and restricted cash and a $1.8B undrawn revolver. We have approximately $1B of debt maturing in 2020, which we plan to refinance over time, as our core debt level remains within an investment-grade credit metric range.

Financial Results Summary

(in millions, except per share data)

P&L Measures	Q1 2020	B/(W) YOY	% Change YOY
Revenue	$1,860	$(320)	(14.7)% AC (13.9)% CC
Operating Income – Adjusted[1]	$87	$(152)	(63.6)%
Other Expenses, net	$23	$16	
Net Loss[2]	$(2)	$(86)	
Net Income – Adjusted[1]	$50	$(108)	
GAAP Loss Per Share[2]	$(0.03)	$(0.37)	
EPS – Adjusted[1]	$0.21	$(0.45)	(68.2)%

P&L Ratios	Q1 2020	B/(W) YOY
Gross Margin	38.3%	(190) bps
RD&E %	4.5%	(30) bps
SAG %	29.1%	(410) bps
Operating Margin – Adjusted[1]	4.7%	(630) bps
Tax Rate – Adjusted[1]	29.4%	(3.1%)

[1] Adjusted Measures: see Non-GAAP Financial Measures. [2] Net Loss and GAAP Loss Per Share from continuing operations attributable to Xerox Holdings.

Cash Flow

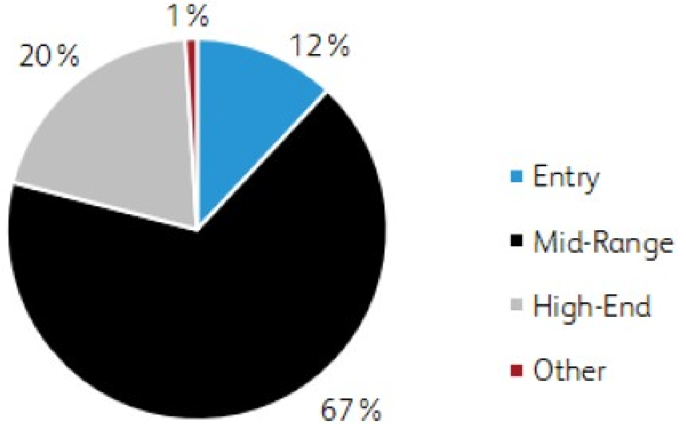
(in millions)	Q1 2020	Q1 2019
Pre-tax (Loss)/Income	$ (5)	$ 73
Non-cash add-backs[1]	237	244
Restructuring Payments	(35)	(33)
Pension Contributions	(33)	(34)
Working Capital, net[2]	91	(42)
Change in Finance Assets[3]	61	51
Other[4]	(143)	(37)
Cash from Operations	$ 173	$ 222
Cash used in Investing	$(214)	$(18)
Cash used in Financing	$ (60)	$ (569)
Ending Cash, Cash Equivalents and Restricted Cash[5]	$ 2,665	$ 786
Free Cash Flow[6]	$ 150	$207

[1] Non-cash add-backs include depreciation & amortization (including equipment on operating lease), provisions, stock-based compensation, defined benefit pension expense, restructuring charges including related restructuring and gain on sales of businesses and assets. [2] Working Capital, net includes accounts receivable, accounts payable and inventory. [3] Includes equipment on operating leases (excluding its related depreciation) and finance receivables. [4] Includes other current and long-term assets and liabilities, accrued compensation, derivative assets and liabilities, other operating, net, distributions from net income of unconsolidated affiliates and taxes. [5] Includes $43 and $63 of restricted cash, respectively. [6] Free Cash Flow: see Non-GAAP Financial Measures.

Revenue

(in millions)	Q1 2020	% Mix	B/(W) YOY AC	B/(W) YOY CC[1]
Equipment	$ 325	17%	(27.5)%	(27.0)%
Post Sale	$1,535	83%	(11.4)%	(10.5)%
Total Revenue	$1,860	100%	(14.7)%	(13.9)%
Americas	1,239	67%	(12.1)%	(11.8)%
EMEA	575	31%	(19.2)%	(17.6)%
Other[2]	46	2%	(20.7)%	(20.7)%
Xerox Services[4]	$ 776	42%	(9.0)%	(8.1)%

Equipment Revenue



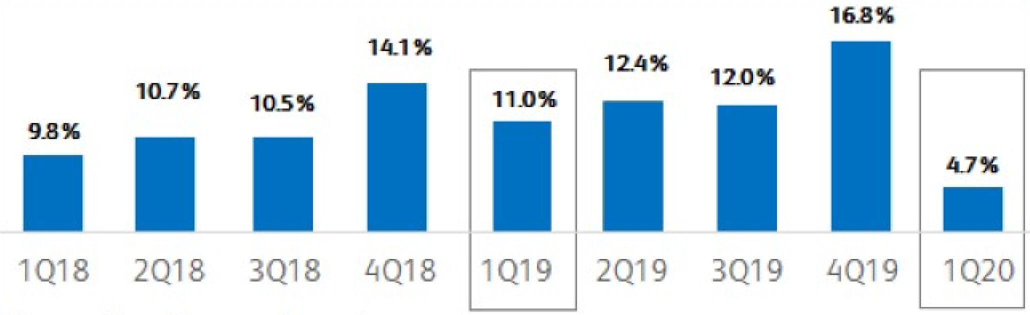
Installs[3] (B/(W) YOY)

	Q1 2020 Color	Q1 2020 B&W
Entry A4 MFPs	(20)%	2%
Mid-Range	(26)%	(14)%
High-End	(52)%	(31)%

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

Profitability and Earnings

Adjusted[1] Operating Margin



Transaction Currency Impact

1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
70 bps	60 bps	40 bps	10 bps	(30) bps	(30) bps	(20) bps	(30) bps	(40) bps

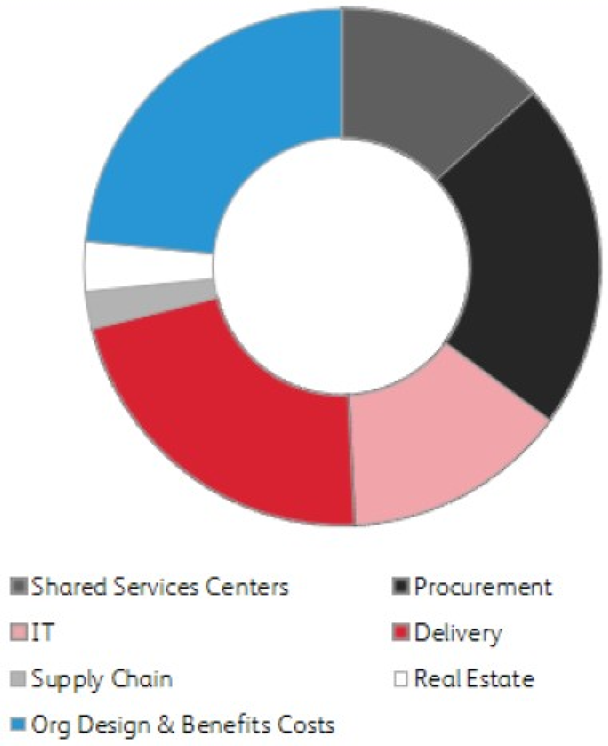
Adjusted[1] EPS

GAAP EPS

1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
$0.33	$0.33	$0.14	$0.37	$0.34	$0.60	$0.68	$1.17	$(0.03)

Project Own It Contribution:

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



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

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

Capital Structure

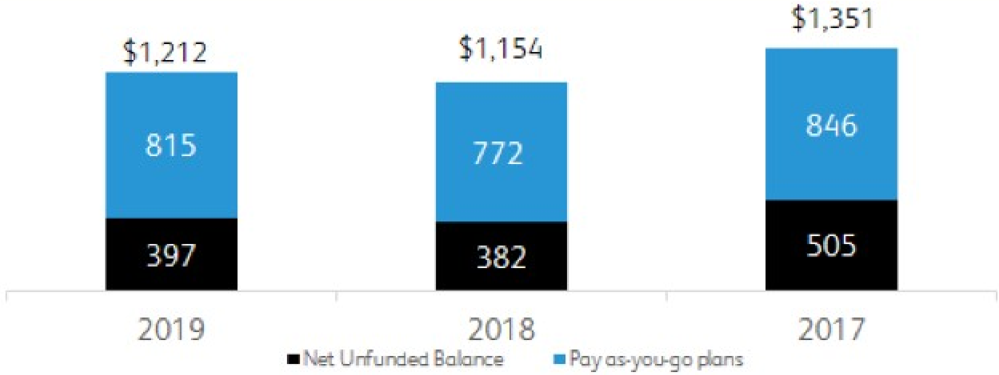
Debt and Cash ($B)	3/31/2020	12/31/2019
Total Debt	$4.3	$4.3
Less: Finance Debt	$(3.0)	$(3.3)
Core Debt	$1.3	$1.0
Less: Cash[1]	$(2.7)	$(2.8)
Net Core Cash	$(1.4)	$(1.8)

Leverage

Maintain 7:1 debt to equity leverage ratio on $3.5B of finance assets as of 3/31/2020

Debt Maturity Ladder ($B)

Pension: Net Unfunded Status ($M)



Overall net global funded status at 12/31/19: ~88%

[1] Cash, cash equivalents and restricted cash.

Q1 2020 Summary and Wrap Up

Q1 2020 Results	
Revenue: \$1.86B, down 13.9% at CC[1]	**Free Cash Flow:**[1] \$150M, down 28% (\$57M) year-over-year
Adjusted[1] Operating Margin: 4.7%, a decrease of 630 basis points year-over-year	**Capital Allocation:** Returned \$58M to shareholders in dividends (39% of Q1 Free Cash Flow[1])
Adjusted[1] EPS: \$0.21, down 68% (\$0.45) year-over-year	

Q1 performance reflects the impact of the COVID-19 crisis. We are withdrawing revenue, adjusted operating margin, adjusted EPS and free cash flow guidance for 2020 at this time due to the high level of economic uncertainty and disruption caused by this crisis.

We remain focused on the health and safety of our employees, customers and partners and have taken actions to ensure work progresses safely during this unprecedented time. We have a strong balance sheet and resilient operations to manage through the crisis and our four strategic initiatives continue to progress and guide our longer term transformation.

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

Appendix

Operating Trends – Continuing Operations

(in millions)	2017 FY	2018 FY	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1
Total Revenue	**$9,991**	**$9,662**	**$2,180**	**$2,263**	**$2,179**	**$2,444**	**$9,066**	**$1,860**
% Change	*(4.3)%*	*(3.3)%*	*(8.4)%*	*(8.3)%*	*(5.8)%*	*(2.2)%*	*(6.2)%*	*(14.7)%*
CC[1] % Change	*(4.3)%*	*(4.0)%*	*(6.0)%*	*(6.7)%*	*(4.7)%*	*(1.6)%*	*(4.7)%*	*(13.9)%*
Adj[1] Operating Margin	11.3%	11.3%	11.0%	12.4%	12.0%	16.8%	13.1%	4.7%
GAAP (Loss) EPS	$0.50	$1.16	$0.34	$0.60	$0.68	$1.17	$2.78	$(0.03)
Adj[1] EPS	$2.86	$2.88	$0.66	$0.79	$0.80	$1.33	$3.55	$0.21
Operating Cash Flow	$902	$1,082	$222	$276	$348	$398	$1,244	$173
Free Cash Flow[1]	$797	$992	$207	$260	$331	$381	$1,179	$150

[1] Adjusted measures and constant currency (CC): see Non-GAAP Financial Measures.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are set forth below as well as on our website at www.xerox.com/investor.

These non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the company's reported results prepared in accordance with GAAP.

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

The above measures were adjusted for the following items:

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

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

Non-GAAP Financial Measures (cont'd)

- *Transaction and related costs, net:* Transaction and related costs, net are expenses incurred in connection with i) our announced proposal to acquire HP Inc. and ii) our planned transaction with Fujifilm/Fuji Xerox, which was terminated in May 2018, inclusive of costs related to litigation resulting from the terminated transaction and other shareholder actions. The costs are primarily for third-party legal, accounting, consulting and other similar type professional services as well as potential legal settlements. These costs are considered incremental to our normal operating charges and were incurred or are expected to be incurred solely as a result of the planned transactions. Accordingly, we are excluding these expenses from our Adjusted Earnings Measures in order to evaluate our performance on a comparable basis.

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

- *Other discrete, unusual or infrequent items:* We excluded the following items given their discrete, unusual or infrequent nature and their impact on our results for the period.
    - Contract termination costs - IT services.
    - Impacts associated with the Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017.

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

Non-GAAP Financial Measures (cont'd)

Adjusted Operating Income/Margin

We calculate and utilize adjusted operating income and margin measures by adjusting our reported pre-tax (loss) income and margin amounts. In addition to the costs and expenses noted as adjustments for our Adjusted Earnings measures, adjusted operating income and margin also exclude the remaining amounts included in Other expenses, net, which are primarily non-financing interest expense and certain other non-operating costs and expenses. We exclude these amounts in order to evaluate our current and past operating performance and to better understand the expected future trends in our business.

Constant Currency

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as "constant currency." This impact is calculated by translating current period activity in local currency using the comparable prior year period's currency translation rate. This impact is calculated for all countries where the functional currency is not the U.S. dollar. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

Free Cash Flow

To better understand trends in our business, we believe that it is helpful to adjust operating cash flows by subtracting amounts related to capital expenditures. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase.

Summary:

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

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

Net (Loss) Income and EPS reconciliation

(in millions, except per share amounts)	Three Months Ended March 31, 2020 Net (Loss) Income	Three Months Ended March 31, 2020 EPS	Three Months Ended March 31, 2019 Net Income	Three Months Ended March 31, 2019 EPS
Reported[1]	$ (2)	$ (0.03)	$ 84	$ 0.34
Adjustments:				
Restructuring and related costs	41		112	
Amortization of intangible assets	11		15	
Transaction and related costs, net	17		-	
Non-service retirement-related costs	1		13	
Contract termination costs – IT services	3		-	
Income tax on adjustments[2]	(21)		(31)	
Tax Act	-		(35)	
Adjusted	$ 50	$ 0.21	$ 158	$ 0.66
Dividends on preferred stock used in adjusted EPS calculation[3]	-	$ (4)	-	$ —
Weighted average shares for adjusted EPS[3]		216		240
Fully diluted shares at March 31, 2020[4]		217		

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

[2] Refer to Effective Tax Rate reconciliation.

[3] Average shares for the calculation of adjusted diluted EPS for 2020 exclude 7 million shares associated with our Series A convertible preferred stock and therefore earnings include the preferred stock dividend. In addition, adjusted diluted EPS shares for 2020 include 4 million shares for potential dilutive common shares, which are not included in the GAAP EPS calculation since it was a loss. Average shares for the calculation of adjusted diluted EPS for 2019 exclude the preferred stock dividend and include 7 million shares associated with our Series A convertible preferred stock.

[4] Represents common shares outstanding at March 31, 2020 plus potential dilutive common shares as used for the calculation of adjusted diluted EPS for the first quarter 2020. The amount excludes shares associated with our Series A convertible preferred stock as they are expected to be anti-dilutive for the year.

Effective Tax Rate reconciliation

(in millions)	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate
Reported[1]	$ (5)	$ (1)	20.0 %	$ 73	$ (10)	(13.7) %
Non-GAAP Adjustments[2]	73	21		140	31	
Tax Act	-	-		-	35	
Adjusted[3]	$ 68	$ 20	29.4 %	$ 213	$ 56	26.3 %

[1] Pre-tax (loss) income and income tax benefit from continuing operations.

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

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

Operating Income / Margin reconciliation

(in millions)	Three Months Ended March 31, 2020 (Loss) Profit	Three Months Ended March 31, 2020 Revenue	Three Months Ended March 31, 2020 Margin	Three Months Ended March 31, 2019 Profit	Three Months Ended March 31, 2019 Revenue	Three Months Ended March 31, 2019 Margin
Reported [1]	$ (5)	$ 1,860	(0.3)%	$ 73	$ 2,180	3.3%
Adjustments:						
Restructuring and related costs	41			112		
Amortization of intangible assets	11			15		
Transaction and related costs, net	17			-		
Other expenses, net	23			39		
Adjusted	$ 87	$ 1,860	4.7%	$ 239	$ 2,180	11.0%

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

Free Cash Flow reconciliation

(in millions)	Three Months Ended March 31, 2020	2019	Change
Reported [1]	$ 173	$ 222	$ (49)
Capital expenditures	(23)	(15)	(8)
Free Cash Flow	$ 150	$ 207	$ (57)

[1] Net cash provided by operating activities of continuing operations.

Other Expenses, Net – Adjusted reconciliation

(in millions)	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Other Expenses, net - as reported	**$**	**23**	**$**	**39**
Less: Non-service retirement-related costs		1		13
Less: Contract termination costs - IT services		3		-
Other Expenses, net - as adjusted	**$**	**19**	**$**	**26**

Net Income and EPS reconciliation – historical

(in millions, except per share amounts)	Year Ended December 31, 2017 Net Income	EPS	Year Ended December 31, 2018 Net Income	EPS	Q1-19 Net Income	EPS	Q2-19 Net Income	EPS	Q3-19 Net Income	EPS	Q4-19 Net Income	EPS	Year Ended December 31, 2019 Net Income	EPS
Reported [1]	$ 142	$ 0.50	$ 306	$ 1.16	$ 84	$ 0.34	$ 141	$ 0.60	$ 157	$ 0.68	$ 266	$ 1.17	$ 648	$ 2.78
Restructuring and related costs	216		157		112		37		27		53		229	
Amortization of intangible assets	53		48		15		11		9		10		45	
Transaction and related costs, net	9		68		-		4		4		4		12	
Non-service retirement-related costs	188		150		13		10		(2)		(3)		18	
Loss on early extinguishment of debt	20		-		-		-		-		-		-	
Contract termination costs - IT services	-		43		-		-		(8)		(4)		(12)	
Income tax on adjustments	(260)		(116)		(31)		(17)		(7)		(22)		(77)	
US Tax Act	400		89		(35)		-		4		(4)		(35)	
Remeasurement of unrecognized tax positions	(16)		-		-		-		-					
Adjusted	$ 752	$ 2.86	$ 745	$ 2.88	$ 158	$ 0.66	$ 186	$ 0.79	$ 184	$ 0.80	$ 300	$ 1.33	$ 828	$ 3.55
Dividends on preferred stock used in adjusted EPS calculation[2]		$ -		$ -		$ -		$ -		$ -	$ -		$ -	
Weighted average shares for adjusted EPS [2]		263		258		240		235		231	227		233	

[1] *Net Income and EPS from continuing operations attributable to Xerox Holdings.*

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

Operating Income / Margin reconciliation – historical

(in millions)	Year Ended December 31, 2017			Year Ended December 31, 2018			Q1-19		
	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported [1]	$ 525	$ 9,991	5.3%	$ 549	$ 9,662	5.7%	$ 73	$ 2,180	3.3%
Adjustments:									
Restructuring and related costs	216			157			112		
Amortization of intangible assets	53			48			15		
Transaction and related costs, net	9			68			-		
Other expenses, net	330			271			39		
Adjusted	$ 1,133	$ 9,991	11.3%	$1,093	$ 9,662	11.3%	$ 239	$ 2,180	11.0%

(in millions)	Q2-19			Q3-19			Q4-19			Year Ended December 31, 2019		
	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported [1]	$ 190	$ 2,263	8.4%	$ 223	$ 2,179	10.2%	$ 336	$ 2,444	13.7%	$ 822	$ 9,066	9.1%
Adjustments:												
Restructuring and related costs	37			27			53			229		
Amortization of intangible assets	11			9			10			45		
Transaction and related costs, net	4			4			4			12		
Other expenses, net	38			(1)			8			84		
Adjusted	$ 280	$ 2,263	12.4%	$ 262	$ 2,179	12.0%	$ 411	$ 2,444	16.8%	$ 1,192	$ 9,066	13.1%

[1] *Pre-Tax Income and revenue from continuing operations.*

Free Cash Flow reconciliation – historical

(in millions, except per share amounts)	Year Ended December 31, 2017	Year Ended December 31, 2018	Q1-19	Q2-19	Q3-19	Q4-19	Year Ended December 31, 2019
Reported [1]	$ (249)	$ 1,082	$ 222	$ 276	$ 348	$ 398	$ 1,244
Incremental Voluntary contributions to U.S. defined benefit pension plans	500	-	-	-	-	-	-
Collections on beneficial interests received in sales of receivables	234	-	-	-	-	-	-
Elimination of certain accounts receivables sales programs	350	-	-	-	-	-	-
Restricted cash - classification change [2]	67	-	-	-	-	-	-
Operating Cash Flows from Continuing Operations - Adjusted	$ 902	$ 1,082	$ 222	$ 276	$ 348	$ 398	$ 1,244
Capital expenditures	(105)	(90)	(15)	(16)	(17)	(17)	(65)
Free Cash Flow from Continuing Operations	$ 797	$ 992	$ 207	$ 260	$ 331	$ 381	$ 1,179

[1] *Net cash (used in) provided by operating activities from continuing operations.*

[2] *Per ASU 2016-18, Statement of Cash Flows - Restricted Cash, restricted cash and restricted cash equivalents should be included with Cash and cash equivalents when reconciling beginning and end-of-period amounts per the Statement of Cash Flows.*