UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): January 28, 2016

XEROX CORPORATION

(Exact name of registrant as specified in its charter)

New York	**001-04471**	**16-0468020**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

P. O. Box 4505
45 Glover Avenue
Norwalk, Connecticut
06856-4505
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (203) 968-3000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

In connection with the planned separation of Registrant's Business Process Outsourcing "(BPO") business from its Document Technology and Document Outsourcing business (the "Separation"), disclosed under Item 8.01 Other Events of this Report, on January 28, 2016, Xerox Corporation (the "Company") entered into an Agreement (the "Agreement") with Icahn Partners Master Fund LP, Icahn Partners LP, Icahn Onshore LP, Icahn Offshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings LP, Icahn Enterprises G.P. Inc., Beckton Corp., High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Jonathan Christodoro and Carl C. Icahn (collectively, the "Icahn Group"), pursuant to which the Company and the Icahn Group have agreed to certain matters relating to BPO following the Separation. A copy of the Agreement is attached as Exhibit 10(s) to this Report and is incorporated herein by reference. Also attached to this Report as Exhibit 99.1 is the joint press release issued on January 29, 2016 by Registrant and Carl C. Icahn regarding the Agreement, which is incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On January 29, 2016, Registrant released its fourth quarter 2015 earnings and is furnishing to the Securities and Exchange Commission a copy of: (a) the earnings press release; and (b) and an earnings presentation, as Exhibits 99.2 and 99.3, respectively, to this Report under Item 2.02 of Form 8-K.

Exhibits 99.2 and 99.3 to this Report contain certain financial measures that are considered "non-GAAP financial measures" as defined in the SEC rules. Exhibits 99.2 and 99.3 to this Report also contains the reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles, as well as the reasons why Registrant's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding Registrant's results of operations and, to the extent material, a statement disclosing any other additional purposes for which Registrant's management uses the non-GAAP financial measures.

The information contained in Item 2.02 of this Report and in Exhibits 99.2 and 99.3 to this Report shall not be deemed "filed" with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Item 8.01. Other Events

On January 29, 2016, Registrant announced the results of its review of the Company's portfolio and capital allocation options announced in October 2015. Registrant's Board has unanimously approved a plan to separate Registrant's BPO business from its Document Technology and Document Outsourcing business (the "Separation"). Each of the businesses will operate as a separate, publicly-traded company. A copy of Registrant's press release describing the Separation is filed as Exhibit 99.4 to this Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10(s)	Agreement dated January 28, 2016 between the Icahn Group and Registrant
99.1	Joint press release of Registrant and Carl C. Icahn dated January 29, 2016 re Icahn agreement
99.2	Registrant’s fourth quarter 2015 earnings press release dated January 29, 2016
99.3	Registrant’s fourth quarter 2015 earnings presentation
99.4	Registrant’s press release dated January 29, 2016 regarding Separation

Forward Looking Statements

This report 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly authorized this Report to be signed on its behalf by the undersigned duly authorized.

Date: January 29, 2016

XEROX CORPORATION

By: ***/s/ Joseph H. Mancini, Jr.***

Joseph H. Mancini, Jr.

Vice President and Chief Accounting Officer

EXHIBIT INDEX

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AGREEMENT

This Agreement, dated 5:00 p.m, New York City time, on January 28, 2016 (this "Agreement"), is by and among the persons and entities listed on Schedule A hereto (collectively, the "Icahn Group", and individually a "member" of the Icahn Group) and Xerox Corporation (the "Company").

In consideration of and reliance upon the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. SpinCo Matters.

   (a) Substantially concurrently with the announcement of this Agreement, the Company shall announce its intention to consummate a transaction (the "Separation", and the effective time of the Separation, the "Separation Effective Time") pursuant to which the Company's business processing outsourcing business ("SpinCo") shall be separated from the Company's document technology business into its own publicly traded company.

   (b) Unless the Separation Effective Time shall have occurred by December 31, 2016, the Company shall call its 2017 annual meeting of the Company's shareholders to be held no later than March 31, 2017, at which meeting any shareholder of the Company that has delivered written notice to the Company on or prior to January 31, 2017 (which notice shall contain the information required by the second paragraph of Article I, Section 6 of the Company's bylaws, as in effect as of the date hereof) shall be permitted to nominate directors of the Company and/or propose other business; it being understood and agreed that such meeting shall not be required to be held by such date if the Separation Effective Time shall have occurred at or prior to 11:59 p.m. New York City time on March 30, 2017.

   (c) The initial board of directors of SpinCo (the "SpinCo Board") shall be comprised of nine (9) members, who shall be selected as follows: (i) two (2) members selected by the current board of directors of the Company (the "Current Board"), who may, but shall not be required to be, members of the Current Board; (ii) three (3) members selected by the Icahn Group (the "Icahn Designees"), who may, but shall not be required to be, employees or affiliates of the Icahn Group, that are approved by the Current Board (such approval not to be unreasonably withheld, conditioned or delayed), provided that, if either such member is employed by Icahn Enterprises L.P. or Icahn Capital LP and listed on Schedule B hereto, the selection of such member shall not be subject to approval by the Current Board; and (iii) four (4) members selected by the Current Board, one (1) of whom is approved by the Icahn Group (such approval not to be unreasonably withheld, conditioned or delayed) and one (1) other of whom shall be the new Chief Executive Officer of SpinCo; it being understood and agreed that the SpinCo Board shall have no more than (x) two (2) members who are current or former directors, officers or employees of the Company or any affiliate of the Company and (y) three (3) members that are employees or affiliates of the Icahn Group. Should any of the Icahn Designees resign from the SpinCo Board or be rendered unable to, or refuse to be appointed to, or for any other reason fail to serve on or is not serving on, the SpinCo Board (other than due to the termination of the obligations to nominate and/or appoint under this Agreement), the Icahn Group shall be entitled to designate, and the Company or SpinCo, as applicable, shall cause to be appointed as a member of the SpinCo Board, a replacement (a "Replacement Designee") that is approved by the Company or SpinCo, as applicable, such approval not to be unreasonably withheld, conditioned or delayed (an "Acceptable Replacement Designee") (and if such proposed Replacement Designee is not an Acceptable Replacement Designee, the Icahn Group shall be entitled to continue designating a Replacement Designee until such proposed Replacement Designee is an Acceptable Replacement Designee). Any such Replacement Designee who becomes a SpinCo Board member in replacement of an Icahn Designee shall be deemed to be an Icahn Designee for all purposes under this Agreement.

(d) The Company shall engage a nationally recognized search firm to find a new Chief Executive Officer for SpinCo, who shall: (i) be hired at or prior to the Separation Effective Time; (ii) not be a current or former director, officer or employee of the Company or any affiliate of the Company; and (iii) be selected by the Current Board. In connection therewith, the Current Board will form a new committee of the Board (the "CEO Search Committee"), which will be responsible for running the process for the selection of the new Chief Executive Officer of SpinCo.

Subject to the Icahn Group's compliance with the Confidentiality Agreement (as defined below), for so long as the Icahn Group has Beneficial Ownership of at least 4.9% of the outstanding Voting Securities (as defined below) of the Company, a person selected by the Icahn Group (the "Observer"), which such person shall be Jonathan Christodoro, shall receive copies of all documents distributed to the CEO Search Committee, including notice of all meetings of the CEO Search Committee, all written consents executed by the CEO Search Committee and all materials prepared for consideration at any meeting of the CEO Search Committee, and shall be permitted to attend, but not vote, at all meetings (whether such meetings are held in person or telephonically or otherwise) of the CEO Search Committee; provided that if Jonathan Christodoro resigns or withdraws as the Observer or is rendered unable to, or refuses to, serve as the Observer (other than due to the termination of the obligations of the Company under this Agreement), the Icahn Group shall be entitled to designate, a replacement observer (a "Replacement Observer") that is approved by the Company, such approval not to be unreasonably withheld, conditioned or delayed (an "Acceptable Replacement Observer") (and if such proposed designee is not an Acceptable Replacement Observer, the Icahn Group shall be entitled to continue designating a Replacement Observer until such proposed designee is an Acceptable Replacement Observer). Any such Replacement Observer who becomes an Acceptable Replacement Observer shall be deemed to be the Observer for all purposes under this Agreement.

The Company acknowledges that the Observer desires to have conversations with members of the CEO Search Committee regarding the selection of the new Chief Executive Officer of SpinCo. The Company and the Current Board shall not take any actions to limit such dialogue or restrict members of the CEO Search Committee from speaking to the Observer (or suggest that members of the CEO Search Committee not do so). In the event the process for the selection of the new Chief Executive Officer of SpinCo is conducted by the Current Board or any committee thereof instead of the CEO Search Committee, the Observer shall be entitled to the same observer rights on the Current Board or such committee thereof, solely with respect to matters pertaining to the selection of the new Chief Executive Officer of SpinCo, as the Observer is entitled to under this Section 1(h) with respect to the CEO Search Committee.

(e) If, immediately prior to the Separation Effective Time, the Icahn Group has Beneficial Ownership of at least 4.9% of the outstanding Voting Securities (as defined below) of the Company and the Icahn Group has not materially breached this Agreement and failed to cure such material breach within five business days of written notice from the Company specifying any such material breach, the Company will take such action (if it has not previously so acted), and after the Separation Effective Time, SpinCo will take such action (if it has not previously so acted), in each case as necessary to provide that, from and after the Separation Effective Time until otherwise approved by a majority vote of the stockholders of SpinCo or in the case of clauses (iv) through (x) until the Icahn Group no longer has Beneficial Ownership of at least 4.9% of the outstanding Voting Securities of SpinCo:

(i) the SpinCo Board shall be annually elected (i.e., not a "staggered" board);

(ii) SpinCo will not have a Rights Plan (as defined below) at or immediately following the Separation Effective Time;

(iii) any Rights Plan adopted by the SpinCo Board after the Separation Effective Time not ratified by stockholders within one hundred thirty-five (135) days of its taking effect, shall automatically expire;

(iv) the provisions of SpinCo's certificate of incorporation (the "SpinCo Charter") and/or the bylaws of SpinCo (the "SpinCo Bylaws") (but if only in the SpinCo Bylaws, then the provision granting stockholders such right to call special meetings may not be amended without a stockholder vote or restricted in the SpinCo Charter) shall require the SpinCo Board to call a special meeting of stockholders at the request of stockholders who own not less than 20% of the outstanding shares of common stock of SpinCo (the "SpinCo Shares") and meet reasonable requirements specified therein (including advance notice, required disclosures, permitted matters and other terms, but excluding any length of ownership or similar holding period requirements); provided that (X) until such time after the Separation Effective Time that a single person or entity (or "group" of persons or entities who have filed as a "group" as defined under Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") with respect to their ownership in SpinCo) owns at least a majority of the outstanding stock of SpinCo, business at stockholder-requested special meetings shall not be authorized to include the removal of directors or the election of directors, which matters shall only be taken by the stockholders at an annual meeting or at a special meeting called by the SpinCo Board and (Y) following such time after the Separation Effective Time that a single person or entity (or "group" of persons or entities who have filed as a "group" as defined under Section 13(d) of the Exchange Act with respect to their ownership in SpinCo) owns at least a majority of the outstanding stock of SpinCo, stockholders of SpinCo shall have the power to remove (without cause) and replace directors at a special meeting and such removal (without cause) and replacement of directors shall not require a vote of more than a majority of shares present and voted at such meeting;

(v) neither the SpinCo Charter nor the SpinCo Bylaws shall impose minimum voting requirements for which matters subject to a stockholder vote are deemed approved greater than requiring approval from a majority of the outstanding SpinCo Shares, except as required by law;

(vi) SpinCo will schedule its first annual meeting of stockholders following the Separation Effective Time no later than the twelve-month anniversary of the Separation Effective Time;

(vii) SpinCo shall have elected not to be governed by Section 912 of the New York Business Corporation Law;

(viii) SpinCo shall not adopt or approve change-of-control provisions in plans benefiting or agreements with directors, officers or employees (including equity plans and change-of-control severance agreements) with ownership triggers below 50%;

(ix) if SpinCo receives a bona fide, binding premium offer from a third party (the "Initial Party") to acquire all of the outstanding SpinCo Shares and rejects that offer in favor of an offer from another party (the "Other Party") that the SpinCo Board deems superior, and if SpinCo engages in substantive negotiations with such Other Party and provides material non-public information to it and the Initial Party then makes a "topping" bona fide, binding premium bid that is superior to the Other Party's offer and requests non-public information from SpinCo, SpinCo will, subject to fiduciary duties and compliance with contractual arrangements, enter into a confidentiality agreement (on terms no less favorable to the Company than entered into with the Other Party) with the Initial Party that would enable non-competitively sensitive non-public information to be shared with such party; and

(x) SpinCo shall be a corporation incorporated under the laws of the State of New York.

The term "Rights Plan" shall mean any plan or arrangement of the sort commonly referred to as a "rights plan" or "stockholder rights plan" or "shareholder rights plan" or "poison pill" that is designed to increase the cost to a potential acquirer of exceeding the applicable ownership thresholds through the issuance of new rights, common stock or preferred shares (or any other security or device that may be issued to stockholders of SpinCo other than ratably to all stockholders of SpinCo) that carry severe redemption provisions, favorable purchase provisions or otherwise, and any related rights agreement that effectuates the Rights Plan.

(f) So long as an Icahn Designee is a member of the SpinCo Board: (1) the SpinCo Board will not (or if prior to the Separation Effective Time, the Company shall not permit the SpinCo Board to) form an executive committee of the SpinCo Board or any other committee of the SpinCo Board with functions similar to those customarily granted to an executive committee unless, in each case, one of the Icahn Designees is a member (if the committee has more than 4 members then no less than two (2) Icahn Designees shall be appointed members thereof); and (2) all SpinCo Board consideration of, and voting with respect to, any tender offer or exchange offer, merger, acquisition, business combination, reorganization, restructuring, recapitalization, sale or acquisition of material assets, liquidation or dissolution, in each case involving SpinCo or any of its Subsidiaries or its or their securities or a material amount of the assets or businesses of SpinCo or any of its Subsidiaries, and any material financing transactions and appointment and employment of executive officers, will take place only at the full SpinCo Board level or in committees of which one of the Icahn Designees is a member (if the applicable committee has more than 4 members then no less than two (2) Icahn Designees shall be appointed members thereof).

(g) From and after the Separation Effective Time, so long as an Icahn Designee is on the SpinCo Board, SpinCo shall notify the Icahn Group in writing no less than 45 calendar days before the advance notice deadline set forth in the SpinCo Bylaws which Icahn Designees, if any, are to be nominated by SpinCo for election as a director at such meeting. If the Icahn Group is notified by SpinCo that any of the Icahn Designees are to be nominated, SpinCo shall use its reasonable best efforts to cause the election of such Icahn Designees to the SpinCo Board at such meeting (including listing such Icahn Designees in the proxy statement and proxy card prepared, filed and delivered in connection with such meeting and recommending that SpinCo's stockholders vote in favor of the election of each of such Icahn Designees (along with all other SpinCo nominees) and otherwise supporting him or her for election in a manner no less rigorous and favorable than the manner in which SpinCo supports its other nominees in the aggregate). The Icahn Group agrees to provide, or cause to be provided, to the Company or SpinCo, as applicable, such information as is required to be disclosed in proxy statements under applicable law or is otherwise necessary for appointment of the Icahn Designees to the SpinCo Board or inclusion of any Icahn Designees on a slate of directors, as applicable.

(h) Prior to the Separation Effective Time, the Company shall cause SpinCo to execute and deliver to the Icahn Group a joinder agreement in the form attached hereto as Exhibit A. Effective upon SpinCo's execution and delivery of such joinder agreement, SpinCo shall have no liability with respect to the covenants and agreements (or liabilities) of the Company contained herein and the Company shall have no liability with respect to the covenants and agreements (or liabilities) of SpinCo contained herein.

2. SpinCo Standstill. No member of the Icahn Group shall, directly or indirectly, from the Separation Effective Time to the date that no Icahn Designee serves on the SpinCo Board (such period, the "SpinCo Standstill Period"), with respect to SpinCo and its controlled Affiliates which are not publicly traded entities (which shall not include, for the avoidance of doubt, the Company), so long as SpinCo has not materially breached this Agreement and failed to cure such breach within five business days of written notice from the Icahn Group specifying any such breach:

(a) solicit proxies or written consents of stockholders or conduct any other type of referendum (binding or non-binding) with respect to, or from the holders of, the Voting Securities of SpinCo, or become a "participant" (as such term is defined in Instruction 3 to Item 4 of Schedule 14A promulgated under the Exchange Act) in or assist any third party in any "solicitation" of any proxy, consent or other authority (as such terms are defined under the Exchange Act) to vote or withhold from voting any Voting Securities of SpinCo (other than such encouragement, advice or influence that is consistent with SpinCo management's recommendation in connection with such matter);

(b) encourage, advise or influence any other person or assist any third party in so encouraging, assisting or influencing any person with respect to the giving or withholding of any proxy, consent or other authority to vote or in conducting any type of referendum (other than such encouragement, advice or influence that is consistent with SpinCo management's recommendation in connection with such matter);

(c) form or join in a partnership, limited partnership, syndicate or a "group" as defined under Section 13(d) of the Exchange Act, with respect to the Voting Securities of SpinCo, or otherwise support or participate in any effort by a third party with respect to the matters set forth in this Section 2;

(d) present (or request to present) at any annual meeting or any special meeting of SpinCo's stockholders, any proposal for consideration for action by stockholders or propose (or request to propose) any nominee for election to the SpinCo Board or seek representation on the SpinCo Board (in each case except pursuant to Section 1(c)) or the removal of any member of the SpinCo Board;

(e) grant any proxy, consent or other authority to vote with respect to any matters (other than to the named proxies included in SpinCo's proxy card for any annual meeting or special meeting of stockholders) or deposit any Voting Securities of SpinCo in a voting trust or subject them to a voting agreement or other arrangement of similar effect (excluding customary brokerage accounts, margin accounts, prime brokerage accounts and the like), in each case, except as provided in Section 2 below;

(f) call or seek to call any special meeting of SpinCo or make any request under Section 220 of the Delaware General Corporation Law (the "DGCL") or other applicable legal provisions (including equivalent statutes in any other State in which SpinCo is incorporated) regarding inspection of books and records or other materials (including stocklist materials) of SpinCo or any of its subsidiaries;

(g) institute, solicit, assist or join, as a party, any litigation, arbitration or other proceeding against or involving SpinCo or any of its current or former directors or officers (including derivative actions) other than to enforce the provisions of this Agreement;

(h) seek, propose, participate in, facilitate or assist any third party to seek or propose any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization, extraordinary dividend, significant share repurchase or similar transaction involving SpinCo or any of its non-publicly traded controlled Affiliates (other than the Company after the Separation Effective Time) (collectively, a "SpinCo Extraordinary Transaction"); provided that the members of the Icahn Group shall be permitted to sell or tender their Voting Securities of SpinCo, and otherwise receive consideration, pursuant to any SpinCo Extraordinary Transaction and provided, further that (without limiting the following clause (i)) SpinCo may waive the restrictions in this clause (h) with the approval of the SpinCo Board and provided, further, that from the commencement by a third party (not a party to this Agreement or an Affiliate of a party) of any bona fide tender or exchange offer that is not recommended by the SpinCo Board in its Recommendation Statement on Schedule 14D-9 which, if consummated, would constitute a SpinCo Extraordinary Transaction, then the Icahn Group shall similarly be permitted to commence a tender or exchange offer for all of the Voting Securities of SpinCo at the same or higher consideration per share;

(i) request, directly or indirectly, any amendment or waiver of the foregoing in a manner that would reasonably likely require public disclosure by the Icahn Group or SpinCo.

Notwithstanding the foregoing, nothing in this Section 2 shall prevent an Icahn Designee acting in his or her capacity as a director of the Company from raising any such matters at the SpinCo Board.

From the date of this Agreement until the end of the SpinCo Standstill Period, (1) the Icahn Group shall not directly or indirectly make, or cause to be made, by press release or similar public statement to the press or media (including social media), or in an SEC or other public filing, any statement or announcement that disparages (as distinct from objective statements reflecting business criticism of SpinCo but not of its individual directors or officers (provided that the Icahn Group shall provide advance notice of, and a copy of, any written statement before it is made)) SpinCo or any of its officers or directors with respect to matters relating to their service at SpinCo (including any former officers or directors); and (2) neither SpinCo nor any of its officers or directors shall directly or indirectly make, or cause to be made, by press release or similar public statement to the press or media (including social media), or in an SEC or other public filing, any statement or announcement that disparages (as distinct from objective statements reflecting business criticism (provided that SpinCo shall provide advance notice of, and a copy of, any written statement before it is made)) any member of the Icahn Group or any of its current or former officers or directors with respect to matters relating to the Company or SpinCo. For the avoidance of doubt, the foregoing restrictions shall not be deemed to apply to advisors of the Icahn Group or SpinCo who are not acting at the behest of such party.

From the date of this Agreement until the end of the SpinCo Standstill Period, (1) the Icahn Group shall not permit any Icahn Affiliate to do any of the items in this Section 2 that the Icahn Group is restricted from doing and shall not publicly encourage or support any other person to take any of the actions described in this Section 2 that the Icahn Group is restricted from doing and (2) SpinCo shall not permit any of its controlled Affiliates to do any of the items in this Section 2 that SpinCo is restricted from doing and shall not publicly encourage or support any other person to take any of the actions described in this Section 2 that SpinCo is restricted from doing.

3. Voting Commitment. Unless the Company has materially breached this Agreement and failed to cure within five business days following receipt of written notice from the Icahn Group specifying such breach, at the 2016 annual meeting of the Company's shareholders (the "2016 Annual Meeting"), the Icahn Group shall (i) not, directly or indirectly, nominate directors or propose any other business for consideration by shareholders at the 2016 Annual Meeting, (ii) (A) cause, in the case of all Voting Securities of the Company owned of record, and (B) instruct the record owner, in the case of all shares of Voting Securities of the Company Beneficially Owned but not owned of record, directly or indirectly, by it, or by any controlled Affiliates of the members of the Icahn Group (such controlled Affiliates, collectively and

individually, the "Icahn Affiliates"), in each case as of the record date for the 2016 Annual Meeting, in each case that are entitled to vote at the 2016 Annual Meeting, to be present for quorum purposes and to be voted, at the 2016 Annual Meeting or at any adjournments or postponements thereof (x) for all directors nominated by the Current Board for election at the 2016 Annual Meeting and (y) against any directors proposed that are not nominated by the Current Board for election at the 2016 Annual Meeting, (iii) not, directly or indirectly, solicit proxies or written consents of stockholders or conduct any other type of referendum (binding or non-binding) with respect to, or from the holders of, the Voting Securities of the Company, or become a "participant" (as such term is defined in Instruction 3 to Item 4 of Schedule 14A promulgated under the Exchange Act) in or assist any third party in any "solicitation" of any proxy, consent or other authority (as such terms are defined under the Exchange Act) to vote or withhold from voting any Voting Securities of the Company (other than such encouragement, advice or influence that is consistent with the Company management's recommendation in connection with such matter) and (iv) not, directly or indirectly, encourage, advise or influence any other person or assist any third party in so encouraging, assisting or influencing any person with respect to the giving or withholding of any proxy, consent or other authority to vote or in conducting any type of referendum (other than such encouragement, advice or influence that is consistent with the Company management's recommendation in connection with such matter). Except as provided in the foregoing sentence, the Icahn Group shall not be restricted from voting "For", "Against" or "Abstaining" from any other proposals at the 2016 Annual Meeting.

4. Public Announcement. No earlier than 6:45 a.m., New York City time, on January 29, 2016, the Company and the Icahn Group shall announce this Agreement and the material terms hereof by means of a press release in the form attached hereto as Exhibit B (the "Press Release"). Neither the Company nor the Icahn Group shall make any public announcement or statement that contradicts or disagrees with the statements made in the Press Release, except as required by law or the rules of any stock exchange or with the prior written consent of the other party.

5. Representations and Warranties of All Parties; Representations and Warranties of the Icahn Group.

(a) Each of the parties represents and warrants to the other party that: (a) such party has all requisite company power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (b) this Agreement has been duly and validly authorized, executed and delivered by it and is a valid and binding obligation of such party, enforceable against such party in accordance with its terms; (c) this Agreement will not result in a violation of any terms or conditions of any agreements to which such person is a party or by which such party may otherwise be bound or of any law, rule, license, regulation, judgment, order or decree governing or affecting such party; and (d) there is currently no pending or outstanding litigation between the Icahn Group and the Company or Affiliates thereof.

(b) Each member of the Icahn Group jointly represents and warrants that, as of the date of this Agreement, (i) the Icahn Group collectively Beneficially Own, an aggregate of 92,377,043 shares of Common Stock, par value $1.00, of the Company ("Common Stock"); and (ii) except for such ownership, no member of the Icahn Group, individually or in the aggregate with all other members of the Icahn Group and Icahn Affiliates, has any other Beneficial Ownership of, and/or economic exposure to, any Voting Securities of the Company, including through any derivative transaction described in the definition of "Beneficial Ownership" above. As used in this Agreement, the term "Voting Securities" means common stock or such other equity securities of the Company or SpinCo, as applicable, having the power to vote in the election of members of the board of directors of the Company or SpinCo, as applicable, and shall include securities convertible into, or exercisable or exchangeable for such common stock or such other equity securities, whether or not subject to the passage of time or other contingencies, "Beneficial Ownership" of "Voting Securities" means ownership of: (i) Voting Securities, (ii) rights or options to own or acquire any Voting Securities (whether such right or option is exercisable immediately or only after the passage of time or upon the satisfaction of one or more conditions (whether or not within the control of such person), compliance with regulatory requirements or otherwise) and (iii) any other economic exposure to Voting Securities, including through any derivative transaction that gives any such person or any of such person's controlled Affiliates the economic equivalent of ownership of an amount of Voting Securities due to the fact that the value of the derivative is explicitly determined by reference to the price or value of Voting Securities, or which provides such person or any of such person's controlled Affiliates an opportunity, directly or indirectly, to profit, or to share in any profit, derived from any increase in the value of Voting Securities, in any case without regard to whether (x) such derivative conveys any voting rights in Voting Securities to such person or any of such person's Affiliates, (y) the derivative is required to be, or capable of being, settled through delivery of Voting Securities, or (z) such person or any of such person's Affiliates may have entered into other transactions that hedge the economic effect of such Beneficial Ownership of Voting Securities and "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated by the SEC under the Exchange Act. "SEC" shall mean the U.S. Securities and Exchange Commission.

6. Confidentiality Agreement. The Icahn Group, the Observer and the Company shall enter into a customary confidentiality agreement (the "Confidentiality Agreement") covering any

confidential information relating to the selection of directors pursuant to Section 1(c) and the selection of the Chief Executive Officer of SpinCo pursuant to Section 1(d).

7. Remedies; Forum and Governing Law. The parties hereto recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or injury would be caused for which money damages would not be an adequate remedy. Accordingly, each party agrees that in addition to other remedies the other party shall be entitled to at law or equity, the other party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement exclusively in the Court of Chancery or other federal or state courts of the State of Delaware. In the event that any action shall be brought in equity to enforce the provisions of this Agreement, no party shall allege, and each party hereby waives the defense, that there is an adequate remedy at law. Furthermore, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of the Court of Chancery or other federal or state courts of the State of Delaware in the event any dispute arises out of this Agreement or the transactions contemplated by this Agreement, (b) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, (c) agrees that it shall not bring any action relating to this Agreement or the transactions contemplated by this Agreement in any court other than the Court of Chancery or other federal or state courts of the State of Delaware, and each of the parties irrevocably waives the right to trial by jury, (d) agrees to waive any bonding requirement under any applicable law, in the case any other party seeks to enforce the terms by way of equitable relief and (e) irrevocably consents to service of process by a reputable overnight mail delivery service, signature requested, to the address of such party's principal place of business or as otherwise provided by applicable law. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS, INCLUDING VALIDITY, INTERPRETATION AND EFFECT, BY THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO CONTRACTS EXECUTED AND TO BE PERFORMED WHOLLY WITHIN SUCH STATE WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OF SUCH STATE.

8. No Waiver. Any waiver by any party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

9. Entire Agreement. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and may be amended only by an agreement in writing executed by the parties hereto.

10. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein and all legal process in regard hereto shall be in writing and shall be deemed validly given, made or served, if (a) given by telecopy and email, when such telecopy and email is transmitted to the telecopy number set forth below and sent to the email address set forth below and the appropriate confirmation is received or (b) if given by any other means, when actually received during normal business hours at the address specified in this subsection:

If to the Company:

Xerox Corporation
P.O. Box 4505, 45 Glover Avenue
Norwalk, CT 06850
Attention: General Counsel
Facsimile: (203) 849-5152
Email: don.liu@xerox.com

With a copy to (which shall not constitute notice):

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, New York 10019
Attention: Scott A. Barshay O. Keith Hallam, III
Facsimile: (212) 474-3700 (212) 474-3700
Email: sbarshay@cravath.com khallam@cravath.com

If to the Icahn Group:

Icahn Associates Corp.
767 Fifth Avenue, 47th Floor
New York, New York 10153
Attention: Carl C. Icahn Keith Cozza
Facsimile: (212) 750-5807 (212) 702-4323
Email: sgordon@sfire.com kcozza@sfire.com

With a copy to (which shall not constitute notice):

Icahn Associates Corp.
767 Fifth Avenue, 47th Floor
New York, New York 10153
Attention: Jesse Lynn Louie Pastor

Facsimile: (917) 591-3310 (212) 688-1158
Email: jlynn@sfire.com lpastor@sfire.com

11. Severability. If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon the legality or enforceability of any other provision of this Agreement.

12. Counterparts. This Agreement may be executed in two or more counterparts (including by facsimile or PDF) which together shall constitute a single agreement.

13. Successors and Assigns. This Agreement and the rights hereunder shall not be assignable or assigned, directly or indirectly, by operation of law or otherwise, by any of the parties to this Agreement.

14. No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and is not enforceable by any other persons; provided that from and after the Separation Effective Time, SpinCo shall be a beneficiary of this Agreement, both SpinCo and the Company shall be bound to this Agreement as applicable (and for the avoidance of doubt the Icahn Group shall remain bound), and for purposes of enforcement of this Agreement prior to the Separation Effective Time only, references herein to the "Company" shall also be deemed to refer to SpinCo.

15. Fees and Expenses. Neither the Company (nor SpinCo), on the one hand, nor the Icahn Group, on the other hand, will be responsible for any fees or expenses of the other in connection with this Agreement.

16. Interpretation and Construction. Each of the parties hereto acknowledges that it has been represented by counsel of its choice throughout all negotiations that have preceded the execution of this Agreement, and that it has executed the same with the advice of said independent counsel. Each party and its counsel cooperated and participated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto exchanged among the parties shall be deemed the work product of all of the parties and may not be construed against any party by reason of its drafting or preparation. Accordingly, any rule of law or any legal decision that would require interpretation of any ambiguities in this Agreement against any party that drafted or prepared it is of no application and is hereby expressly waived by each of the parties hereto, and any controversy over interpretations of this Agreement shall be decided without regards to events of drafting or preparation. The section headings contained in this Agreement are for reference

purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The term “including” shall be deemed to mean “including without limitation” in all instances.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, or caused the same to be executed by its duly authorized representative as of the date first above written.

Very truly yours,

XEROX CORPORATION

By: /s/ Ursula M. Burns
Name: Ursula M. Burns
Title: Chairman and Chief Executive Officer

[Signature Page to Agreement between the Icahn Group and Xerox]

Accepted and agreed as of the date first written above:

MR. CARL C. ICAHN

By: /s/ Carl. C. Icahn
Carl C. Icahn

HIGH RIVER LIMITED PARTNERSHIP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

HOPPER INVESTMENTS LLC

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

BARBERRY CORP.

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

[Signature Page to Agreement between the Icahn Group and Xerox]

ICAHN PARTNERS LP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

ICAHN PARTNERS MASTER FUND LP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

ICAHN ENTERPRISES G.P. INC.

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

[Signature Page to Agreement between the Icahn Group and Xerox]

ICAHN ENTERPRISES HOLDINGS L.P.

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

IPH GP LLC

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

ICAHN CAPITAL LP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

ICAHN ONSHORE LP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

ICAHN OFFSHORE LP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

BECKTON CORP

By: /s/ Keith Cozza
Name: Keith Cozza
Title: Authorized Signatory

MR. JONATHAN CHRISTODORO

/s/ Jonathan Christodoro
Jonathan Christodoro

[Signature Page to Agreement between the Icahn Group and Xerox]

[Signature Page to Agreement between the Icahn Group and Xerox]

SCHEDULE A

MR. CARL C. ICAHN

HIGH RIVER LIMITED PARTNERSHIP

HOPPER INVESTMENTS LLC

BARBERRY CORP.

ICAHN PARTNERS LP

ICAHN PARTNERS MASTER FUND LP

ICAHN ENTERPRISES G.P. INC.

ICAHN ENTERPRISES HOLDINGS L.P.

IPH GP LLC

ICAHN CAPITAL LP

ICAHN ONSHORE LP

ICAHN OFFSHORE LP

BECKTON CORP.

MR. JONATHAN CHRISTODORO

SCHEDULE B

SungHwan Cho

Jonathan Christodoro

Keith Cozza

Hunter C. Gary

Vincent J. Intrieri

Andrew Langham

Jesse A. Lynn

Courtney Mather

Samuel Merksamer

Louis J. Pastor

EXHIBIT A

WHEREAS, Xerox Corporation (the "Company") has entered into that certain Agreement by and among the parties listed on Schedule A thereto (the "Icahn Group") and the Company (the "Agreement"), dated January 24, 2016, a copy of which is attached hereto; and

WHEREAS, the Company is pursuing a Separation (as defined in the Agreement); and

WHEREAS**,** the Agreement requires that SpinCo execute and deliver to the Icahn Group this Joinder Agreement.

NOW, THEREFORE, the undersigned hereby joins in the Agreement and agrees that, immediately upon the Separation Effective Time (as defined in the Agreement), it shall be deemed to be "SpinCo" within the meaning of the Agreement and shall be bound by all of the terms and conditions of the Agreement applicable to SpinCo thereunder.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of ___________, 2016.

SPINCO:

[___________________], a [●] corporation

By: ______
Name:
Title:

ACCEPTED:

MR. CARL C. ICAHN

____
Carl C. Icahn

HIGH RIVER LIMITED PARTNERSHIP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

HOPPER INVESTMENTS LLC

By: ________
Name: Keith Cozza
Title: Authorized Signatory

BARBERRY CORP.

By: ________
Name: Keith Cozza
Title: Authorized Signatory

ICAHN PARTNERS LP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

[Signature Page to Joinder to Xerox/Icahn Agreement]

ICAHN PARTNERS MASTER FUND LP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

ICAHN ENTERPRISES G.P. INC.

By: ________
Name: Keith Cozza
Title: Authorized Signatory

ICAHN ENTERPRISES HOLDINGS L.P.

By: ________
Name: Keith Cozza
Title: Authorized Signatory

IPH GP LLC

By: ________
Name: Keith Cozza
Title: Authorized Signatory

ICAHN CAPITAL LP

By: ________
Name: Keith Cozza
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ICAHN ONSHORE LP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

ICAHN OFFSHORE LP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

[Signature Page to Joinder to Xerox/Icahn Agreement]

BECKTON CORP

By: ________
Name: Keith Cozza
Title: Authorized Signatory

[Signature Page to Joinder to Xerox/Icahn Agreement]

EXHIBIT B

Xerox and Carl Icahn Announce Agreement

NORWALK, Conn., Jan. 29, 2016 – Xerox (NYSE:XRX) and Carl C. Icahn announced today that they have entered into an agreement related to the governance of the Business Process Outsourcing (“BPO”) company that will be created as a result of the planned separation of Xerox into two independent, publicly-traded companies, which was announced earlier today.

Under the agreement, when the separation is complete, the BPO company will have certain best-in-class corporate governance provisions and a Board of Directors composed of nine members: six directors selected by Xerox (two of whom may come from the current Xerox Board of Directors) and three directors selected by Icahn. In addition, in connection with the planned separation, Xerox agreed that a committee of its Board of Directors will begin searching for an external candidate to be Chief Executive Officer of the BPO company and to allow a person selected by Icahn to observe and advise the committee in that search process. Additional details regarding the agreement will be included in a Form 8-K to be filed by Xerox later today.

"We are pleased to have reached an agreement with Mr. Icahn that ensures that we will have strong leadership and best-in-class governance for the new Business Process Outsourcing company that will be created by our separation plan,” said Ursula Burns, chairman and chief executive officer of Xerox.

Mr. Icahn said: “We applaud Ursula Burns and Xerox’s Board of Directors for recognizing the importance of separating Xerox into two publicly-traded companies. We strongly believe that an independent BPO company with fresh, focused leadership and best-in-class corporate governance will greatly enhance shareholder value, and we are proud to be a part of that process.”

About Xerox
Xerox is helping change the way the world works. By applying our expertise in imaging, business process, analytics, automation and user-centric insights, we engineer the flow of work to provide greater productivity, efficiency and personalization. We conduct business in 180 countries, and our more than 140,000 employees create meaningful innovations and provide business process services, printing equipment, software and solutions that make a real difference for our clients - and their customers. Learn more at www.xerox.com.

Forward-looking Statements
This release 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.

-XXX-

Media Contacts:

Sean Collins, Xerox, +1-310-497-9205, sean.collins2@xerox.com
Carl Langsenkamp, Xerox, +1-585-423-5782, carl.langsenkamp@xerox.com

Investor Contacts:
Jennifer Horsley, Xerox, +1-203-849-2656, jennifer.horsley@xerox.com
Sean Cornett, Xerox, +1-203-849-2672, sean.cornett@xerox.com

Note: To receive RSS news feeds, visit http://news.xerox.com. For open commentary, industry perspectives and views visit http://twitter.com/xerox, http://www.linkedin.com/company/xerox, http://simplifywork.blogs.xerox.com, http://www.facebook.com/XeroxCorp or http://www.youtube.com/XeroxCorp.

News from Xerox

For Immediate Release

Xerox Corporation
45 Glover Avenue
P.O. Box 4505
Norwalk, CT 06856-4505

tel +1-203-968-3000

Xerox and Carl Icahn Announce Agreement

NORWALK, Conn., Jan. 29, 2016 - Xerox (NYSE:XRX) and Carl C. Icahn announced today that they have entered into an agreement related to the governance of the Business Process Outsourcing ("BPO") company that will be created as a result of the planned separation of Xerox into two independent, publicly-traded companies, which was announced earlier today.

Under the agreement, when the separation is complete, the BPO company will have certain best-in-class corporate governance provisions and a Board of Directors composed of nine members: six directors selected by Xerox (two of whom may come from the current Xerox Board of Directors) and three directors selected by Icahn. In addition, in connection with the planned separation, Xerox agreed that a committee of its Board of Directors will begin searching for an external candidate to be Chief Executive Officer of the BPO company and to allow a person selected by Icahn to observe and advise the committee in that search process. Additional details regarding the agreement will be included in a Form 8-K to be filed by Xerox later today.

"We are pleased to have reached an agreement with Mr. Icahn that ensures that we will have strong leadership and best-in-class governance for the new Business Process Outsourcing company that will be created by our separation plan," said Ursula Burns, chairman and chief executive officer of Xerox.

Mr. Icahn said: "We applaud Ursula Burns and Xerox's Board of Directors for recognizing the importance of separating Xerox into two publicly-traded companies. We strongly believe that an independent BPO company with fresh, focused leadership and best-in-class corporate governance will greatly enhance shareholder value, and we are proud to be a part of that process."

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-XXX-

Media Contacts:
Sean Collins, Xerox, +1-310-497-9205, sean.collins2@xerox.com
Carl Langsenkamp, Xerox, +1-585-423-5782, carl.langsenkamp@xerox.com

Investor Contacts:

Jennifer Horsley, Xerox, +1-203-849-2656, jennifer.horsley@xerox.com
Sean Cornett, Xerox, +1 203-849-2672, sean.cornett@xerox.com

Note: To receive RSS news feeds, visit http://news.xerox.com/. For open commentary, industry perspectives and views visit http://twitter.com/xerox, http://www.linkedin.com/company/xerox, http://simplifywork.blogs.xerox.com, http://www.facebook.com/XeroxCorp or http://www.youtube.com/XeroxCorp.

Exhibit 99.2

News from Xerox

For Immediate Release

Xerox Corporation
45 Glover Avenue
P.O. Box 4505
Norwalk, CT 06856-4505

tel +1-203-968-3000

Xerox Reports Fourth-Quarter 2015 Earnings

- Delivers GAAP EPS of 27 cents, adjusted EPS of 32 cents and sequential increase in operating margin to 9.2%
- Generates strong cash flow of $878 million in the quarter, $1.6 billion full-year
- Services segment delivers revenue of $2.6 billion and double-digit growth in signings in the quarter
- Document Technology continues to deliver strong operating margin and remains the industry equipment share revenue leader
- Announces annual cash dividend increase of 11% to 31 cents per share
- Announces full-year 2016 guidance of $0.66 to $0.76 in GAAP EPS and $1.10 to $1.20 in adjusted EPS

NORWALK, Conn., Jan. 29, 2016 - Xerox (NYSE: XRX) today announced its fourth-quarter financial results, delivering strong earnings and cash flow as a result of a continuous focus on productivity and business model optimization.

The company recorded fourth-quarter 2015 adjusted earnings per share of 32 cents, or GAAP EPS from continuing operations of 27 cents including the amortization of intangibles.

“We delivered solid performance in the fourth quarter, with earnings that were above our expectations, as a result of the progress we are making across both segments in optimizing our operating models,” said Ursula Burns, Xerox chairman and chief executive officer.

“In the face of a challenging environment, our Services segment drove sequential improvement in margin and double-digit year-over-year signings growth. Similarly, Document Technology was the industry equipment sales revenue market share leader for the 24th consecutive quarter and, through our continued focus on performance and productivity, maintained its strong margins.”

“Looking forward, we will continue to take actions that deliver value for shareholders and clients. This is reflected in the plan we announced today to separate into two market leading companies and implement a $2.4 billion strategic transformation program. We will do what is right to position our company for success through a focus on transforming our operations and optimizing our structure," Burns added.

Fourth Quarter 2015 Results

Revenues were $4.7 billion in the quarter, down 8 percent or 5 percent in constant currency year-over-year. Annuity revenue was 83 percent of total revenue.

Fourth-quarter operating margin of 9.2 percent was down 1.2 percentage points from the same quarter a year ago.

Gross margin was 31.3 percent, and selling, administrative and general expenses were 19.0 percent of revenue.

Revenue from the company’s Services segment, which represented 57 percent of total revenue, was $2.6 billion, down 3 percent or flat in constant currency. Document Technology revenue was $1.9 billion, down 13 percent or 10 percent in constant currency. Services margin was 9.4 percent. Document Technology margin was 11.8 percent.

Xerox generated $878 million in cash flow from operations during the fourth quarter and ended 2015 with a cash balance of $1.4 billion.

Full Year 2015 Results:

- GAAP EPS from continuing operations of 49 cents, adjusted EPS of 98 cents
- Total revenue of $18.2 billion*, $10.3 billion from Services*, $7.4 billion from Document Technology
- Operating margin of 8.4 percent
- Operating cash flow of $1.6 billion
- Net income from continuing operations of $552 million, adjusted net income of $1.1 billion
- Share repurchase of $1.3 billion, dividend payments of $326 million

** Reported Total and Services revenue was $18.0 billion and $10.1 billion, respectively. All full-year 2015 results exclude the impact from the third quarter Health Enterprise settlement charge.*

Full Year 2016 Guidance

For full-year 2016, Xerox expects GAAP earnings of $0.66 to $0.76 per share.

In 2016 the company plans to revise its calculation of adjusted EPS to exclude restructuring, certain retirement related costs as well as separation and related costs in addition to the amortization of intangibles. Based on this revised calculation, full-year 2016 adjusted EPS guidance is expected to be $1.10 to $1.20 per share. On a comparable basis, full-year 2015 adjusted EPS would have been $1.07 per share.

Xerox expects to generate operating cash flow of $1.3 to $1.5 billion and free cash flow of $1.0 to $1.2 billion in 2016.

For the first quarter of 2016, Xerox expects GAAP earnings of 5 to 8 cents per share and adjusted EPS of 21 to 24 cents per share.

Dividend Declaration and Planned Increase

Today, the company announced that its board of directors has declared an 11 percent increase in the company's quarterly cash dividend to 7.75 cents per share on Xerox common stock. The dividend is payable on April 29, 2016 to shareholders of record on March 31, 2016.

The board also declared a quarterly cash dividend of $20 per share on Xerox Series A Convertible Perpetual Preferred Stock. The dividend is payable on April 1, 2016 to shareholders of record on March 15, 2016.

In 2016, Xerox will continue its practice of returning value to shareholders. It expects to use more than 50 percent of its free cash flow for share repurchases and dividends.

About Xerox
Xerox is helping change the way the world works. By applying our expertise in imaging, business process, analytics, automation and user-centric insights, we engineer the flow of work to provide greater productivity, efficiency and personalization. We conduct business in 180 countries, and our more than 140,000 employees create meaningful innovations and provide business process services, printing equipment, software and solutions that make a real difference for our clients - and their customers. Learn more at www.xerox.com.

Non-GAAP Measures:

This release refers to the following non-GAAP financial measures:
- Adjusted EPS for the fourth-quarter 2015, which excludes the amortization of intangible assets.
- Adjusted net income and adjusted EPS (earnings per share) for the full-year 2015, which excludes the amortization of intangible assets, the second-quarter software impairment and third-quarter Health Enterprise (HE) charge.

- Adjusted EPS for the first quarter and full-year 2016 guidance, which excludes the amortization of intangibles, restructuring, certain retirement related costs as well as certain separation and related costs.
- Operating margin for the fourth-quarter and full-year 2015 that excludes certain costs and expenses.
- Constant currency revenue growth for the fourth-quarter 2015, which excludes the effects of currency translation.
- Adjusted revenue and Services segment revenues for the full-year 2015 that exclude the HE charge.

Refer to the “Non-GAAP Financial Measures” section of this release for a discussion of these non-GAAP measures and their reconciliation to the reported GAAP measure.

Forward-Looking Statements

This release 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.

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Xerox Corporation
Condensed Consolidated Statements of Income (Unaudited)

(in millions, except per-share data)	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	% Change	Year Ended December 31, 2015	Year Ended December 31, 2014	% Change
Revenues						
Sales	$ 1,248	$ 1,414	(12)%	$ 4,748	$ 5,288	(10)%
Outsourcing, maintenance and rentals	3,321	3,526	(6)%	12,951	13,865	(7)%
Financing	84	93	(10)%	346	387	(11)%
Total Revenues	**4,653**	**5,033**	**(8)%**	**18,045**	**19,540**	**(8)%**
Costs and Expenses						
Cost of sales	790	885	(11)%	2,961	3,269	(9)%
Cost of outsourcing, maintenance and rentals	2,375	2,499	(5)%	9,691	9,885	(2)%
Cost of financing	32	33	(3)%	130	140	(7)%
Research, development and engineering expenses	145	150	(3)%	563	577	(2)%
Selling, administrative and general expenses	883	942	(6)%	3,559	3,788	(6)%
Restructuring and asset impairment charges	(5)	36	*	186	128	45 %
Amortization of intangible assets	77	83	(7)%	310	315	(2)%
Other expenses, net	46	57	(19)%	233	232	— %
Total Costs and Expenses	**4,343**	**4,685**	**(7)%**	**17,633**	**18,334**	**(4)%**
Income before Income Taxes & Equity Income[1]	**310**	**348**	**(11)%**	**412**	**1,206**	**(66)%**
Income tax expense (benefit)	52	34	53 %	(23)	215	*
Equity in net income of unconsolidated affiliates	32	41	(22)%	135	160	(16)%
Income from Continuing Operations	**290**	**355**	**(18)%**	**570**	**1,151**	**(50)%**
Loss from discontinued operations, net of tax	—	(149)	*	(64)	(115)	(44)%
Net Income	**290**	**206**	**41 %**	**506**	**1,036**	**(51)%**
Less: Net income attributable to noncontrolling interests	5	6	(17)%	18	23	(22)%
Net Income Attributable to Xerox	**$ 285**	**$ 200**	**43 %**	**$ 488**	**$ 1,013**	**(52)%**
Amounts Attributable to Xerox:						
Net income from continuing operations	$ 285	$ 349	(18)%	$ 552	$ 1,128	(51)%
Net loss from discontinued operations	—	(149)	*	(64)	(115)	(44)%
Net Income Attributable to Xerox	**$ 285**	**$ 200**	**43 %**	**$ 488**	**$ 1,013**	**(52)%**
Basic Earnings per Share:						
Continuing operations	**$ 0.28**	**$ 0.30**	**(7)%**	**$ 0.50**	**$ 0.96**	**(48)%**
Discontinued operations	—	(0.13)	*	(0.06)	(0.10)	(40)%
Total Basic Earnings per Share	**$ 0.28**	**$ 0.17**	**65 %**	**$ 0.44**	**$ 0.86**	**(49)%**
Diluted Earnings per Share:						
Continuing operations	**$ 0.27**	**$ 0.30**	**(10)%**	**$ 0.49**	**$ 0.94**	**(48)%**
Discontinued operations	—	(0.13)	*	(0.06)	(0.09)	(33)%
Total Diluted Earnings per Share	**$ 0.27**	**$ 0.17**	**59 %**	**$ 0.43**	**$ 0.85**	**(49)%**

* Percent change not meaningful.

[1] Referred to as "Pre-Tax Income" throughout the remainder of this document.

Note: Certain 2014 amounts have been revised. Refer to *Appendix III - 2014 Financial Statement Revision* for additional information.

Xerox Corporation
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
(in millions)	2015	2014	2015	2014
Net income	$ 290	$ 206	$ 506	$ 1,036
Less: Net income attributable to noncontrolling interests	5	6	18	23
Net Income Attributable to Xerox	285	200	488	1,013
Other Comprehensive (Loss) Income, Net:				
Translation adjustments, net	(139)	(333)	(660)	(734)
Unrealized gains (losses), net	5	(17)	23	15
Changes in defined benefit plans, net	(109)	(581)	153	(662)
Other Comprehensive Loss, Net	(243)	(931)	(484)	(1,381)
Less: Other comprehensive loss, net attributable to noncontrolling interests	—	—	(1)	(1)
Other Comprehensive Loss, Net Attributable to Xerox	(243)	(931)	(483)	(1,380)
Comprehensive Income (Loss), Net	47	(725)	22	(345)
Less: Comprehensive income, net attributable to noncontrolling interests	5	6	17	22
Comprehensive Income (Loss), Net Attributable to Xerox	$ 42	$ (731)	$ 5	$ (367)

Xerox Corporation
Condensed Consolidated Balance Sheets (Unaudited)

(in millions, except share data in thousands)	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	$ 1,368	$ 1,411
Accounts receivable, net	2,319	2,652
Billed portion of finance receivables, net	97	110
Finance receivables, net	1,315	1,425
Inventories	942	934
Assets of discontinued operations	—	1,260
Other current assets	640	1,082
Total current assets	6,681	8,874
Finance receivables due after one year, net	2,576	2,719
Equipment on operating leases, net	495	525
Land, buildings and equipment, net	996	1,123
Investments in affiliates, at equity	1,389	1,338
Intangible assets, net	1,765	2,031
Goodwill	8,823	8,805
Other long-term assets	2,078	2,243
Total Assets	**$ 24,803**	**$ 27,658**
Liabilities and Equity		
Short-term debt and current portion of long-term debt	$ 985	$ 1,427
Accounts payable	1,614	1,584
Accrued compensation and benefits costs	651	754
Unearned income	428	431
Liabilities of discontinued operations	—	371
Other current liabilities	1,548	1,509
Total current liabilities	5,226	6,076
Long-term debt	6,382	6,314
Pension and other benefit liabilities	2,513	2,847
Post-retirement medical benefits	785	865
Other long-term liabilities	417	454
Total Liabilities	**15,323**	**16,556**
Series A Convertible Preferred Stock	**349**	**349**
Common stock	1,013	1,124
Additional paid-in capital	3,017	4,283
Treasury stock, at cost	—	(105)
Retained earnings	9,700	9,535
Accumulated other comprehensive loss	(4,642)	(4,159)
Xerox shareholders' equity	9,088	10,678
Noncontrolling interests	43	75
Total Equity	**9,131**	**10,753**
Total Liabilities and Equity	**$ 24,803**	**$ 27,658**
Shares of common stock issued	1,012,836	1,124,354
Treasury stock	—	(7,609)
Shares of Common Stock Outstanding	**1,012,836**	**1,116,745**

Xerox Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash Flows from Operating Activities:				
Net income	$ 290	$ 206	$ 506	$ 1,036
Adjustments required to reconcile net income to cash flows from operating activities:				
Depreciation and amortization	280	356	1,190	1,426
Provision for receivables	10	(3)	58	53
Provision for inventory	6	6	30	26
Net (gain) loss on sales of businesses and assets	(34)	172	33	134
Undistributed equity in net income of unconsolidated affiliates	(8)	(14)	(79)	(91)
Stock-based compensation	9	15	46	91
Restructuring and asset impairment charges	(5)	37	186	130
Payments for restructurings	(17)	(30)	(98)	(133)
Contributions to defined benefit pension plans	(161)	(78)	(309)	(284)
Decrease (increase) in accounts receivable and billed portion of finance receivables	241	49	111	(436)
Collections of deferred proceeds from sales of receivables	67	102	259	434
Decrease (increase) in inventories	153	115	(101)	(22)
Increase in equipment on operating leases	(81)	(79)	(291)	(283)
Increase in finance receivables	(56)	(92)	(8)	(10)
Collections on beneficial interest from sales of finance receivables	9	17	46	79
Decrease (increase) in other current and long-term assets	23	20	(71)	(159)
Increase in accounts payable and accrued compensation	143	90	38	128
(Decrease) increase in other current and long-term liabilities	(5)	16	183	(64)
Net change in income tax assets and liabilities	23	(30)	(70)	98
Net change in derivative assets and liabilities	(20)	11	(37)	(14)
Other operating, net	11	(29)	(11)	(76)
Net cash provided by operating activities	878	857	1,611	2,063
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(60)	(91)	(251)	(368)
Proceeds from sales of land, buildings and equipment	70	11	93	54
Cost of additions to internal use software	(20)	(23)	(91)	(84)
Proceeds from sale of businesses	—	10	939	26
Acquisitions, net of cash acquired	(9)	(34)	(210)	(340)
Other investing, net	—	(2)	28	9
Net cash (used in) provided by investing activities	(19)	(129)	508	(703)
Cash Flows from Financing Activities:				
Net (payments) proceeds on debt	(199)	160	(370)	(175)
Common stock dividends	(71)	(71)	(302)	(289)
Preferred stock dividends	(6)	(6)	(24)	(24)
Proceeds from issuances of common stock	2	6	19	55
Excess tax benefits from stock-based compensation	2	3	19	18
Payments to acquire treasury stock, including fees	—	(341)	(1,302)	(1,071)
Repurchases related to stock-based compensation	(1)	(1)	(51)	(41)
Distributions to noncontrolling interests	(5)	(47)	(62)	(87)
Other financing	—	—	(1)	(10)
Net cash used in financing activities	(278)	(297)	(2,074)	(1,624)
Effect of exchange rate changes on cash and cash equivalents	(17)	(35)	(88)	(89)
Increase (decrease) in cash and cash equivalents	564	396	(43)	(353)
Cash and cash equivalents at beginning of period	804	1,015	1,411	1,764
Cash and Cash Equivalents at End of Period	**$ 1,368**	**$ 1,411**	**$ 1,368**	**$ 1,411**

Financial Review

On January 29, 2016, Xerox announced that its Board of Directors had approved management's plan to separate the Company's Business Process Outsourcing business from its Document Technology and Document Outsourcing business. Each of the businesses will operate as an independent, publicly-traded company. Leadership and names of the two companies will be determined as the process progresses. The transaction is intended to be tax-free for Xerox shareholders for federal income tax purposes.

Xerox will begin the process to separate while we finalize the transaction structure. Our objective is to complete the separation by year-end 2016, subject to customary regulatory approvals, tax considerations, securing any necessary financing, and final approval of the Xerox Board of Directors. Until the separation is complete we will continue to operate and report as a single company, and it will continue to be business as usual for our customers and employees.

As part of the planned separation, Xerox also announced that we will implement a three-year strategic transformation program targeting incremental savings of $600 million across all segments for a cumulative cost reduction of $2.4 billion over the three years when combined with savings from on-going programs.

Revenues

	Three Months Ended December 31,					
(in millions)	2015	2014	% Change	CC % Change	% of Total Revenue 2015	% of Total Revenue 2014
Equipment sales	$ 770	$ 860	(10)%	(7)%	17%	17%
Annuity revenue	3,883	4,173	(7)%	(4)%	83%	83%
Total Revenue	**$ 4,653**	**$ 5,033**	(8)%	(5)%	**100%**	**100%**
Reconciliation to Condensed Consolidated Statements of Income:						
Sales	$ 1,248	$ 1,414	(12)%	(9)%		
Less: Supplies, paper and other sales	(478)	(554)	(14)%	(12)%		
Equipment Sales	**$ 770**	**$ 860**	(10)%	(7)%		
Outsourcing, maintenance and rentals	$ 3,321	$ 3,526	(6)%	(3)%		
Add: Supplies, paper and other sales	478	554	(14)%	(12)%		
Add: Financing	84	93	(10)%	(4)%		
Annuity Revenue	**$ 3,883**	**$ 4,173**	(7)%	(4)%		

CC - Constant Currency (See "Non-GAAP Financial Measures" section)

Fourth quarter 2015 total revenues decreased 8% as compared to fourth quarter 2014, with a 3-percentage point negative impact from currency. The negative impact from currency reflects the significant weakening of our major foreign currencies against the U.S. Dollar as compared to prior year. On a revenue-weighted basis, our major European currencies and the Canadian dollar were approximately 13% weaker against the U.S. dollar as compared to prior year. Revenues from these major foreign currencies comprise approximately 25% of our total consolidated revenues, while overall non-U.S. revenues represent approximately one third of the total. Fourth quarter 2015 total revenues reflect the following:

- **Annuity revenue** decreased 7% as compared to fourth quarter 2014, with a 3-percentage point negative impact from currency. Annuity revenue is comprised of the following:
    - **Outsourcing, maintenance and rentals revenue** includes outsourcing revenue within the Services segment and maintenance revenue (including bundled supplies) and rental revenue, primarily within the Document Technology segment. These revenues declined 6%, with a 3-percentage point negative impact from currency, primarily due to a decline in the Document Technology segment.

- ◦ **Supplies, paper and other sales** includes unbundled supplies and other sales, primarily within the Document Technology segment. The decrease of 14% in these revenues includes a 2-percentage point negative impact from currency, reduced supplies demand reflecting lower equipment sales in prior periods and channel inventory dynamics as well as continued weakness in developing markets and lower OEM supplies sales.
  - ◦ **Financing revenue** is generated from financed equipment sale transactions primarily within the Document Technology segment. The decrease of 10% in these revenues reflects a 6-percentage point negative impact from currency and a declining finance receivables balance due to lower equipment sales in prior periods.
- **Equipment sales revenue** is reported primarily within our Document Technology segment and the Document Outsourcing (DO) business within our Services segment. Equipment sales revenue decreased 10% as compared to fourth quarter 2014, with a 3-percentage point negative impact from currency. Nearly half of the constant currency decline was driven by developing markets with the remainder reflecting product launch timing and lower OEM sales as well as overall price declines that continue to be within our historical range of 5% to 10%. These areas of decline were partially offset by strong Document Outsourcing equipment sales growth.

Additional analysis of the change in revenue for each business segment is included in the “Segment Review” section.

Costs, Expenses and Other Income

Summary of Key Financial Ratios

The following is a summary of key financial ratios used to assess our performance:

	Three Months Ended December 31,		
	2015	**2014**	**B/(W)**
Total Gross Margin	31.3%	32.1%	(0.8) pts.
RD&E as a % of Revenue	3.1%	3.0%	(0.1) pts.
SAG as a % of Revenue	19.0%	18.7%	(0.3) pts.
Operating Margin [(1)]	**9.2%**	**10.4%**	**(1.2) pts.**
Pre-tax Income Margin	6.7%	6.9%	(0.2) pts.

(1) See the “Non-GAAP Financial Measures” section for an explanation of the non-GAAP financial measure.

Operating Margin
Fourth quarter 2015 operating margin[1] of 9.2% decreased 1.2-percentage points as compared to fourth quarter 2014, driven by a 0.8-percentage point decrease in gross margin as well as a 0.4-percentage point increase in operating expenses as a percent of revenue. The operating margin decline includes lower Services margin driven by resource and other investments. Within Document Technology, lower gross margin and higher year-over-year pension expense adversely impacted operating margin. These negative impacts were partially offset in both segments by restructuring savings and productivity improvements as well as lower compensation expense.

Gross Margin
Gross margin of 31.3% decreased 0.8-percentage points as compared to fourth quarter 2014. Document Technology gross margin decreased 0.9-percentage points while Services gross margin improved by 0.3-percentage points year-over-year. These results combined with the higher proportion of our revenue from Services (which historically has a lower gross margin) resulted in a reduction in overall gross margin.

Additional analysis of the change in gross margin for each business segment is included in the “Segment Review” section.

Research, Development and Engineering Expenses (RD&E)
Fourth quarter 2015 RD&E as a percentage of revenue of 3.1% increased 0.1-percentage point from fourth quarter 2014 as the total company revenue decline was only partially offset by modest RD&E expense reductions and the benefits from the higher mix of Services revenue (which historically has lower RD&E as a percentage of revenue).

RD&E of $145 million decreased by $5 million compared to fourth quarter 2014. Innovation at Xerox is a core strength, and we continue to invest at levels to maintain and improve our competitiveness, particularly in Services, color and software. R&D is strategically coordinated with Fuji Xerox.

Selling, Administrative and General Expenses (SAG)
SAG as a percentage of revenue of 19.0% increased 0.3-percentage points from fourth quarter 2014. The total company revenue decline was only partially matched by expense reductions, as restructuring and productivity improvements, lower compensation expense and a higher mix of Services revenue (which historically has lower SAG as a percentage of revenue) were partly offset by Services investments.

SAG of $883 million was $59 million lower than fourth quarter 2014. SAG expenses include a $26 million favorable impact from currency and reflect the following:
- $36 million decrease in selling expenses.
- $30 million decrease in general and administrative expenses.
- $7 million increase in bad debt expense. Fourth quarter 2015 bad debt expense remained at less than one percent of receivables.

Restructuring and Asset Impairment Charges
During fourth quarter 2015, we recorded net restructuring credits of $5 million primarily resulting from reversals for changes in estimated reserves from prior period initiatives.

During fourth quarter 2014, we recorded net restructuring and asset impairment charges of $36 million, which included $45 million of severance costs related to headcount reductions of approximately 700 employees worldwide and $1 million of lease cancellation costs. These costs were partially offset by $10 million of net reversals for changes in estimated reserves from prior period initiatives.

The restructuring reserve balance as of December 31, 2015 for all programs was $24 million, of which $23 million is expected to be spent over the next twelve months.

In first quarter 2016, we expect to incur additional restructuring charges of approximately $100 million pre-tax for actions and initiatives that have not yet been finalized.

Worldwide Employment
Worldwide employment, which excludes our divested ITO business, was approximately 143,600 as of December 31, 2015 and increased by 5,700 from December 31, 2014, due primarily to the impact of ramping new business and acquisitions partially offset by restructuring reductions and productivity improvements.

Other Expenses, Net

	Three Months Ended December 31,	
(in millions)	**2015**	**2014**
Non-financing interest expense	$ 56	$ 58
Interest income	(2)	(3)
Gains on sales of businesses and assets [(1)]	(34)	(10)
Currency losses, net	2	5
Litigation matters	8	(3)
Loss on sales of accounts receivables	4	3
Deferred compensation investment gains	—	(1)
All other expenses, net	12	8
Total Other Expenses, Net	**$ 46**	**$ 57**

(1) Excludes the loss on sale of the ITO business reported in Discontinued Operations.

Non-financing interest expense
Fourth quarter 2015 non-financing interest expense of $56 million was $2 million lower than fourth quarter 2014. When combined with financing interest expense (cost of financing), total company interest expense declined by $3 million from fourth quarter 2014, driven by a lower average cost of debt.

Gains on sales of businesses and assets
Fourth quarter 2015 gains on sales of businesses and assets of $34 million was $24 million higher than fourth quarter 2014 primarily due to gains on the sale of surplus property in Latin America.

Income Taxes

Fourth quarter 2015 effective tax rate was 16.8%. On an adjusted basis[1], fourth quarter 2015 tax rate was 20.9%, which was lower than the U.S. statutory tax rate primarily due to foreign tax credits, the retroactive impact of the Protecting Americans from Tax Hikes Act of 2015 as well as the geographical mix of profits.

Fourth quarter 2014 effective tax rate was 9.8%, which included a $44 million benefit for a deferred tax liability adjustment associated with a tax law change. On an adjusted basis[1], fourth quarter 2014 tax rate was 25.3%, which was lower than the U.S. statutory tax rate primarily due to relatively equal benefits from the reversal of a valuation allowance on deferred tax assets associated with capital losses, the retroactive impact from the U.S. Tax Increase Prevention Act of 2014 and the geographical mix of profits.

Our effective tax rate is based on nonrecurring events as well as recurring factors, including the taxation of foreign income. In addition, our effective tax rate will change based on discrete or other nonrecurring events that may not be predictable. We anticipate that our adjusted effective tax rate for first quarter and full-year 2016 will be approximately 26% to 28%. This excludes the effects of intangible amortization, restructuring and retirement-related costs. (See "Expected reporting changes in 2016" area of the *Non-GAAP Financial Measures* section for further details.)

Equity in Net Income of Unconsolidated Affiliates

Equity in net income of unconsolidated affiliates primarily reflects our 25% share of Fuji Xerox net income. Fourth quarter 2015 equity income of $32 million was $9 million lower than fourth quarter 2014 driven by our proportion of Fuji Xerox's lower net income and translation currency impacts.

Net Income

Fourth quarter 2015 net income from continuing operations attributable to Xerox was $285 million, or $0.27 per diluted share. On an adjusted basis[1], net income from continuing operations attributable to Xerox was $333 million, or $0.32 per diluted share. Fourth quarter 2015 adjustments to net income reflect the amortization of intangible assets.

Fourth quarter 2014 net income from continuing operations attributable to Xerox was $349 million, or $0.30 per diluted share. On an adjusted basis[1], net income from continuing operations attributable to Xerox was $357 million, or $0.31 per diluted share. Fourth quarter 2014 adjustments to net income reflect the amortization of intangible assets and a deferred tax liability adjustment.

The *Net Income and EPS reconciliation* table in the "Non-GAAP Financial Measures" section contains the fourth quarter adjustments to net income.

The calculations of basic and diluted earnings per share are included as Appendix I. See the "Non-GAAP Financial Measures" section for calculation of adjusted EPS.

Discontinued Operations

Information Technology Outsourcing (ITO):

In fourth quarter 2014, we announced an agreement to sell the ITO business to Atos and began reporting it as a Discontinued Operation. All prior periods were accordingly revised to conform to this presentation. The sale was completed on June 30, 2015.

In fourth quarter 2014, we recorded a net pre-tax loss of $181 million related to the pending sale, reflecting the write-down of the carrying value of the ITO disposal group, inclusive of goodwill, to its estimated fair value less costs to sell. In 2015, we recorded an additional net pre-tax loss of $77 million primarily related to adjustment of the sales price and related expenses associated with the disposal, as well as reserves for certain obligations and indemnifications we retained as part of the final closing negotiations. In addition, we recorded tax expense of $52 million primarily related to the difference between the book basis and tax basis of allocated goodwill, which could only be recorded upon final disposal of the business.

The transaction continues to be subject to post-closing adjustments primarily related to a final true-up of net assets and other indemnification obligations. In the event there are additional charges associated with this disposal, we will record such amounts through discontinued operations in future periods.

Other Discontinued Operations:

Other discontinued operations include the 2014 closure of Xerox Audio Visual Solutions, Inc. (XAV) and the 2014 sale of our Truckload Management Services, Inc. (TMS) business.

Summarized financial information for our Discontinued Operations is as follows:

	Three Months Ended December 31,					
	2015			2014		
(in millions)	ITO	Other	Total	ITO	Other	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)

	Year Ended December 31,					
	2015			2014		
(in millions)	ITO	Other	Total	ITO	Other	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 and full-year 2014 includes approximately $40 million and $161 million, respectively, of depreciation and amortization expense (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.

Segment Review

(in millions)	Three Months Ended December 31, Equipment Sales Revenue	Annuity Revenue	Total Revenues	% of Total Revenue	Segment Profit (Loss)	Segment Margin
2015						
Services	$ 145	$ 2,493	$ 2,638	57%	$ 249	9.4 %
Document Technology	595	1,282	1,877	40%	221	11.8 %
Other	30	108	138	3%	(53)	(38.4)%
Total	**$ 770**	**$ 3,883**	**$ 4,653**	**100%**	**$ 417**	**9.0 %**
2014						
Services	$ 135	$ 2,590	$ 2,725	54%	$ 268	9.8 %
Document Technology	693	1,466	2,159	43%	310	14.4 %
Other	32	117	149	3%	(65)	(43.6)%
Total	**$ 860**	**$ 4,173**	**$ 5,033**	**100%**	**$ 513**	**10.2 %**

Refer to Appendix II for the reconciliation of Segment Profit to Pre-tax Income.

Services

Our Services segment comprises two service offerings: Business Process Outsourcing (BPO) and Document Outsourcing (DO).

Services Revenue Breakdown:

	Three Months Ended December 31,			
(in millions)	2015	2014	% Change	CC % Change
Business Process Outsourcing	$ 1,786	$ 1,858	(4)%	(2)%
Document Outsourcing	852	867	(2)%	3%
Total Revenue - Services	**$ 2,638**	**$ 2,725**	(3)%	—%

Note: The above table reflects the reclassification of the ITO business to Discontinued Operations and excludes intercompany revenue.

Revenue
Fourth quarter 2015 Services revenue of $2,638 million was 57% of total revenue and decreased 3% from fourth quarter 2014, with a 3-percentage point negative impact from currency.

- BPO revenue decreased 4% from fourth quarter 2014, with a 2-percentage point negative impact from currency, and represented 68% of total Services revenue. The decline was primarily driven by the anticipated run-off of the student loan business and our third quarter 2015 decision to not fully complete the Health Enterprise implementations in California and Montana, which combined had a 2-percentage point negative impact on BPO revenue growth and a 1.4-percentage point negative impact on total Services revenue growth. Partially offsetting this decline was moderate acquisition contribution and organic growth in several lines of business net of the impacts from lost business and pricing that were consistent with prior trends.
  - In fourth quarter 2015, BPO revenue mix across the major business areas was as follows: Commercial Business Groups (excluding healthcare) - 45%; Public Sector - 27%; Commercial Healthcare - 15%; and Government Healthcare - 13%.

- DO revenue decreased 2%, with a 5-percentage point negative impact from currency, and represented 32% of Services revenue. Growth from our partner print services offerings, reflected in both equipment and annuity revenue, and from equipment sales due to higher signings was partially offset by continued declines in developing markets.

Segment Margin
Fourth quarter 2015 Services segment margin of 9.4% decreased by 0.4-percentage points from fourth quarter 2014, as anticipated. Targeted resource and other investments as well as impacts from unfavorable line-of-business mix and price declines more than offset ramping productivity improvements and restructuring benefits.

Metrics

Signings
Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Fourth quarter 2015 Services signings were $4.0 billion in Total Contract Value (TCV).

- BPO signings of $2.9 billion TCV
- DO signings of $1.1 billion TCV

Signings increased 26% from fourth quarter 2014. Signings in the quarter included the Florida Tolling contract. On a trailing twelve month (TTM) basis, signings increased 8% from the comparable prior year period. New business annual recurring revenue (ARR) and non-recurring revenue (NRR) increased 22% from fourth quarter 2014 but decreased 1% on a TTM basis. DO signings do not include signings from our growing partner print services offerings.

Note: TCV is the estimated total contractual revenue related to future contracts in the pipeline or signed contracts, as applicable.

Renewal rate (Total Services)
Renewal rate is defined as the ARR on contracts that are renewed during the period as a percentage of ARR on all contracts for which a renewal decision was made during the period. The combined fourth quarter 2015 contract renewal rate for BPO and DO contracts was 78%, which was below our target range of 85%-90%. The renewal rate reflects, in part, one larger lost renewal opportunity in the quarter that would have been financially unattractive.

Pipeline
The sales pipeline includes the TCV of new business opportunities that potentially could be contracted within the next six months and excludes new business opportunities with estimated annual recurring revenue in excess of $100 million. Our total Services sales pipeline declined 15% compared to fourth quarter 2014, reflecting both strong fourth quarter 2015 signings, including larger deals, and our second quarter 2015 strategic decision to narrow the focus in our Government Healthcare Solutions business.

Document Technology

Our Document Technology segment includes the sale of products and supplies, as well as the associated maintenance and financing of those products.

Document Technology Revenue Breakdown:

	Three Months Ended December 31,			
(in millions)	**2015**	**2014**	**% Change**	**CC % Change**
Equipment sales	$ 595	$ 693	(14)%	(11)%
Annuity revenue	1,282	1,466	(13)%	(9)%
Total Revenue	**$ 1,877**	**$ 2,159**	(13)%	(10)%

Fourth quarter 2015 Document Technology revenue of $1,877 million decreased 13% from fourth quarter 2014, with a 3-percentage point negative impact from currency. Document Technology revenues exclude Document Outsourcing. Inclusive of Document Outsourcing, fourth quarter 2015 aggregate document-related revenue decreased 10% from fourth quarter 2014, with a 4-percentage point negative impact from currency. Document Technology segment revenue results included the following:

- **Equipment sales revenue** decreased 14% from fourth quarter 2014, with a 3-percentage point negative impact from currency. The decline, seen across all product groups, was driven by continued weakness in developing markets, lower OEM sales, product launch timing, continued migration of customers to our partner print services offering (included in our Services segment) as well as overall price declines that continue to be within our historical range of 5 to 10%.
- **Annuity revenue** decreased 13% from fourth quarter 2014, with a 4-percentage point negative impact from currency. The annuity revenue decrease reflects lower equipment sales in prior periods, resulting in ongoing page declines and lower supplies demand, as well as supplies channel inventory dynamics. Annuity revenue in Document Technology also reflects continued migration of customers to our partner print services offering (included in our Services segment).

Document Technology revenue mix was 57% mid-range, 26% high-end and 17% entry, consistent with recent quarters.

Segment Margin
Fourth quarter 2015 Document Technology segment margin of 11.8% decreased 2.6-percentage points from fourth quarter 2014, including a 0.9-percentage point decrease in gross margin. The gross margin decrease reflects unfavorable revenue-stream mix, price declines and an increase in pension expense, partially offset by lower compensation as well as restructuring and productivity benefits. SAG increased as a percent of revenue due to higher pension and bad debt expense and overall lower revenue, which were only partially offset by the benefits from restructuring and productivity improvements.

Total Installs (Document Technology and Document Outsourcing)[2]
Install activity includes Document Outsourcing and Xerox-branded products shipped to Global Imaging Systems. Detail by product group (see Appendix II) is shown below:

Entry
- 49% decrease in color printers reflecting lower OEM sales due in part to a transition to color multifunction devices.
- 63% increase in color multifunction devices driven by higher OEM sales and demand for new products.
- 3% increase in black-and-white multifunction devices reflecting higher OEM sales partially offset by continued declines in developing markets.

Mid-Range
- Mid-range color installs were flat.
- 16% decrease in mid-range black-and-white reflecting higher declines in developing markets.

High-End
- 8% decrease in high-end color systems as growth in Color Press 800 and 1000 products was more than offset by declines in other production color products, partially reflecting product launch timing. Excluding Fuji Xerox digital front-end sales, high-end color installs were down 3%.
- 10% decrease in high-end black-and-white systems consistent with overall market declines.

Other

Revenue
Fourth quarter 2015 Other revenue of $138 million decreased 7% from fourth quarter 2014. The reduction is driven by lower wide-format and paper revenue. Total paper revenue (all within developing markets) comprises nearly 40% of Other segment revenue.

Segment Loss
Non-financing interest expense as well as all Other expenses, net (excluding Deferred compensation investment gains) are reported within the Other segment. Fourth quarter 2015 Other segment loss of $53 million decreased $12 million from fourth quarter 2014 primarily related to gains on sales of surplus assets.

Notes:
(1) See the “Non-GAAP Financial Measures” section for an explanation of the non-GAAP financial measure.
(2) Revenue from Document Outsourcing installations is reported in the Services segment.

Capital Resources and Liquidity

The following table summarizes our cash and cash equivalents for the three months ended December 31, 2015 and 2014:

(in millions)	Three Months Ended December 31, 2015	2014	Change
Net cash provided by operating activities	$ 878	$ 857	$ 21
Net cash used in investing activities	(19)	(129)	110
Net cash used in financing activities	(278)	(297)	19
Effect of exchange rate changes on cash and cash equivalents	(17)	(35)	18
Increase in cash and cash equivalents	564	396	168
Cash and cash equivalents at beginning of period	804	1,015	(211)
Cash and Cash Equivalents at End of Period	**$ 1,368**	**$ 1,411**	**$ (43)**

Cash Flows from Operating Activities
Net cash provided by operating activities was $878 million in fourth quarter 2015. The $21 million increase in operating cash from fourth quarter 2014 was primarily due to the following:
- $157 million increase from accounts receivable primarily due to additional sales of accounts receivable under existing programs as well as improved collections reflecting, in part, select use of prompt pay discounts.
- $53 million increase in accounts payable and accrued compensation. Approximately half of the increase is in accounts payable primarily due to an increase in days payable outstanding.
- $38 million increase primarily due to lower inventory levels reflecting reduced equipment and supplies demand.
- $28 million increase from finance receivables primarily related to a lower impact from prior period sales of receivables.
- $19 million increase due to lower net income tax payments.
- $18 million increase due to lower restructuring payments and spending for product software and up-front costs, all primarily due to timing.
- $140 million decrease in pre-tax income before depreciation and amortization, restructuring charges and gains on sales of businesses and assets.
- $95 million decrease due to the expected loss of cash flow associated with the ITO business, post-divestiture.
- $83 million decrease from higher discretionary pension contributions in the U.S.

Cash Flows from Investing Activities
Net cash used in investing activities was $19 million in fourth quarter 2015 as compared to $129 million in fourth quarter 2014. The $110 million decrease in the use of cash was primarily due to the following:
- $59 million decrease due to higher asset sales in fourth quarter 2015, reflecting sales of surplus property in the U.S. and Latin America.
- $34 million decrease due to lower capital expenditures (including internal use software) primarily due to the sale of the ITO business.
- $25 million decrease from lower acquisitions.

Cash Flows from Financing Activities
Net cash used in financing activities was $278 million in fourth quarter 2015 as compared to $297 million in fourth quarter 2014. The $19 million decrease in the use of cash was primarily due to the following:
- $341 million decrease in share repurchases, as we had completed our 2015 $1.3 billion share repurchase program in third quarter.
- $42 million decrease due to lower distributions to noncontrolling interests.
- $359 million increase from net debt activity. Fourth quarter 2015 reflects a reduction in Commercial Paper of $200 million compared to an increase in Commercial Paper of $150 million in fourth quarter 2014.

Customer Financing Activities

The following represents our total finance assets, net associated with our lease and finance operations:

(in millions)	December 31, 2015	December 31, 2014
Total finance receivables, net [1]	$ 3,988	$ 4,254
Equipment on operating leases, net	495	525
Total Finance Assets, net [2]	**$ 4,483**	**$ 4,779**

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(1) Includes (i) billed portion of finance receivables, net, (ii) finance receivables, net and (iii) finance receivables due after one year, net as included in our Condensed Consolidated Balance Sheets.
(2) Change from December 31, 2014 includes a decrease of $247 million due to currency across all Finance Assets.

The following summarizes our debt:

(in millions)	December 31, 2015	December 31, 2014
Principal debt balance[1]	$ 7,365	$ 7,722
Net unamortized discount	(52)	(54)
Fair value adjustments[2]		
- terminated swaps	47	68
- current swaps	7	5
Total Debt	**$ 7,367**	**$ 7,741**

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(1) Includes Notes Payable of $3 million and $1 million as of December 31, 2015 and December 31, 2014, respectively, and Commercial Paper of $150 million as of December 31, 2014.
(2) Fair value adjustments include the following: (i) fair value adjustments to debt associated with terminated interest rate swaps, which are being amortized to interest expense over the remaining term of the related notes; and (ii) changes in fair value of hedged debt obligations attributable to movements in benchmark interest rates. Hedge accounting requires hedged debt instruments to be reported inclusive of any fair value adjustment.

Our lease contracts permit customers to pay for equipment over time rather than at the date of installation; therefore, we maintain a certain level of debt (that we refer to as financing debt) to support our investment in these lease contracts, which are reflected in total finance assets, net. For this financing aspect of our business, we maintain an assumed 7:1 leverage ratio of debt to equity as compared to our finance assets.

Based on this leverage, the following represents the breakdown of total debt between financing debt and core debt:

(in millions)	December 31, 2015	December 31, 2014
Financing debt[1]	$ 3,923	$ 4,182
Core debt	3,444	3,559
Total Debt	**$ 7,367**	**$ 7,741**

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(1) Financing debt includes $3,490 million and $3,722 million as of December 31, 2015 and December 31, 2014, respectively, of debt associated with total finance receivables, net and is the basis for our calculation of “Equipment financing interest” expense. The remainder of the financing debt is associated with equipment on operating leases.

Sales of Accounts Receivable
Accounts receivable sales arrangements are utilized in the normal course of business as part of our cash and liquidity management. We have facilities in the U.S., Canada and several countries in Europe that enable us to sell certain accounts receivable without recourse to third-parties. The accounts receivables sold are generally short-term trade receivables with payment due dates of less than 60 days. Accounts receivable sales for the periods presented were as follows:

	Three Months Ended December 31,	
(in millions)	2015	2014
Accounts receivable sales	$ 728	$ 662
Deferred proceeds	61	73
Loss on sales of accounts receivable	4	3
Estimated increase (decrease) to operating cash flows [(1)]	158	(23)

(1) Represents the difference between current and prior period receivable sales adjusted for the effects of the deferred proceeds, collections prior to the end of the quarter and currency.

Sales of Finance Receivables
In 2013 and 2012, we transferred our entire interest in certain groups of lease finance receivables to third-party entities. The transfers were accounted for as sales and resulted in the de-recognition of lease receivables with a net carrying value of $676 million in 2013 and $682 million in 2012, respectively. We continue to service the sold receivables and record servicing fee income over the expected life of the associated receivables.

The net impact on operating cash flows from these transactions for the periods presented is summarized below:

	Three Months Ended December 31,	
(in millions)	2015	2014
Impact from prior sales of finance receivables [(1)]	$ (69)	$ (116)
Collections on beneficial interest	11	20
Estimated decrease to operating cash flows	$ (58)	$ (96)

(1) Represents cash that would have been collected if we had not sold finance receivables.

Forward-Looking Statements

This release 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.

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 in the 2015 fourth quarter presentation slides available 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 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
- 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 - see Appendix III for additional details) - 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.

Operating Income
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.

Expected reporting changes in 2016:

Adjusted Earnings Measures:

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.

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.

Summary:

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

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

Net Income and EPS reconciliation:

	Three Months Ended December 31, 2015		Three Months Ended December 31, 2014	
(in millions, except per share amounts)	Net Income	EPS	Net Income	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		

	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]		1,076		1,199

(1) Net Income and EPS from continuing operations.

(2) Average shares for the calculations of adjusted EPS include 27 million of shares associated with our 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 potential dilutive common shares used for the calculation of diluted earnings per share in fourth quarter 2015.

Effective Tax reconciliation:

	Three Months Ended December 31, 2015			Three Months Ended December 31, 2014		
(in millions)	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	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%**

	Year Ended December 31, 2015			Year Ended December 31, 2014		
(in millions)	Pre-Tax Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	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.

Operating Income / Margin reconciliation:

(in millions)	Three Months Ended December 31, 2015 Profit	Revenue	Margin	Three Months Ended December 31, 2014 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	**$ 428**	**$ 4,653**	**9.2%**	**$ 524**	**$ 5,033**	**10.4%**
Equity in net income of unconsolidated affiliates	32			41		
Business transformation costs	1			5		
Other expenses, net*	(44)			(57)		
Segment Profit/Revenue	**$ 417**	**$ 4,653**	**9.0%**	**$ 513**	**$ 5,033**	**10.2%**

(in millions)	Year Ended December 31, 2015 Profit	Revenue	Margin	Year Ended December 31, 2014 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	**$ 1,530**	**$ 18,161**	**8.4%**	**$ 1,881**	**$ 19,540**	**9.6%**
Equity in net income of unconsolidated affiliates	135			160		
Business transformation costs	10			21		
Fuji Xerox restructuring charge	4			3		
HE charge	(389)	(116)		—		
Other expenses, net*	(232)			(232)		
Segment Profit/Revenue	**$ 1,058**	**$ 18,045**	**5.9%**	**$ 1,833**	**$ 19,540**	**9.4%**

* *Includes rounding adjustments.*

(1) Profit and Revenue from continuing operations.

Guidance:

	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.

(in billions)	Free Cash Flow FY 2016
Cash Flow from Operations	**$1.3 - $1.5**
CAPEX	0.3
Free Cash Flow	**$1.0 - $1.2**

2015 Net Income and EPS reconciliation based on 2016 revised methodology:

	Q1 2015		FY 2015	
(in millions, except per share amounts)	Net Income	EPS	Net Income	EPS
Reported [1]	**$ 191**	**$ 0.16**	**$ 552**	**$ 0.49**
Adjustments:				
Amortization of intangible assets	77		310	
Software impairment	—		146	
HE charge	—		389	
Restructuring charges - Xerox	14		40	
Retirement related costs	42		116	
Income tax on adjustments [2]	(47)		(380)	
Restructuring charges - Fuji Xerox	1		4	
Adjusted - revised	**$ 278**	**$ 0.24**	**$ 1,177**	**$ 1.07**
Adjusted - previous basis	**$ 239**	**$ 0.21**	**$ 1,076**	**$ 0.98**
Weighted average shares - adjusted EPS [3]		1,154		1,103

(1) Net Income and EPS from continuing operations.

(2) The tax impact on the Adjusted Pre-Tax Income from continuing operations is calculated under the same accounting principals 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 calculations of adjusted EPS include 27 million of shares associated with our Series A convertible preferred stock.

2015 Adjusted Effective Tax Rate reconciliation based on 2016 revised methodology:

(in millions, except per share amounts)	Q1 2015			FY 2015		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax (Benefit) Expense	Effective Tax Rate
Reported [1]	**$ 201**	**$ 39**	**19.4%**	**$ 412**	**$ (23)**	**(5.6)%**
Non-GAAP Adjustments [2]	133	47		1,001	380	
Adjusted - revised [3]	**$ 334**	**$ 86**	**25.7%**	**$ 1,413**	**$ 357**	**25.2 %**
Adjusted - previous basis			**24.5%**			**23.7 %**

(1) Pre-Tax Income 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 principals applied to the As Reported Pre-Tax Income under ASC 740, which employs an annual effective tax rate method to the results.

APPENDIX I

Xerox Corporation
Earnings per Common Share
(in millions except per share data, shares in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Basic Earnings per Share:				
Net income from continuing operations attributable to Xerox	$ 285	$ 349	$ 552	$ 1,128
Accrued dividends on preferred stock	(6)	(6)	(24)	(24)
Adjusted net income from continuing operations available to common shareholders	$ 279	$ 343	$ 528	$ 1,104
Net loss from discontinued operations attributable to Xerox	—	(149)	(64)	(115)
Adjusted net income available to common shareholders	$ 279	$ 194	$ 464	$ 989
Weighted average common shares outstanding	1,012,788	1,128,502	1,064,526	1,154,365
Basic Earnings per Share:				
Continuing operations	$ 0.28	$ 0.30	$ 0.50	$ 0.96
Discontinued operations	—	(0.13)	(0.06)	(0.10)
Total	$ 0.28	$ 0.17	$ 0.44	$ 0.86
Diluted Earnings per Share:				
Net income from continuing operations attributable to Xerox	$ 285	$ 349	$ 552	$ 1,128
Accrued dividends on preferred stock	—	—	(24)	—
Adjusted net income from continuing operations available to common shareholders	$ 285	$ 349	$ 528	$ 1,128
Net loss from discontinued operations attributable to Xerox	—	(149)	(64)	(115)
Adjusted net income available to common shareholders	$ 285	$ 200	$ 464	$ 1,013
Weighted average common shares outstanding	1,012,788	1,128,502	1,064,526	1,154,365
Common shares issuable with respect to:				
Stock options	957	2,378	1,294	2,976
Restricted stock and performance shares	5,460	12,985	10,404	14,256
Convertible preferred stock	26,966	26,966	—	26,966
Adjusted weighted average common shares outstanding	1,046,171	1,170,831	1,076,224	1,198,563
Diluted Earnings per Share:				
Continuing operations	$ 0.27	$ 0.30	$ 0.49	$ 0.94
Discontinued operations	—	(0.13)	(0.06)	(0.09)
Total	$ 0.27	$ 0.17	$ 0.43	$ 0.85
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive:				
Stock options	2,162	3,737	1,825	3,139
Restricted stock and performance shares	19,358	19,258	17,607	17,987
Convertible preferred stock	—	—	26,966	—
Total Anti-Dilutive Securities	21,520	22,995	46,398	21,126
Dividends per Common Share	$ 0.0700	$ 0.0625	$ 0.2800	$ 0.2500

APPENDIX II

Xerox Corporation
Reconciliation of Segment Operating Profit to Pre-Tax Income

	Three Months Ended December 31,	
(in millions)	2015	2014
Segment Profit	$ 417	$ 513
Reconciling items:		
Restructuring and asset impairment charges, and related costs [1]	4	(41)
Amortization of intangible assets	(77)	(83)
Equity in net income of unconsolidated affiliates	(32)	(41)
Other	(2)	—
Pre-Tax Income	**$ 310**	**$ 348**

(1) Fourth quarter 2015 and 2014 Restructuring and asset impairment charges of $(5) and $36, respectively, and business transformation costs of $1 and $5, respectively.

Our reportable segments are aligned to how we manage the business and view the markets we serve. Our reportable segments are Services, Document Technology and Other.

Services:

The Services segment comprises two service offerings:

- Business Process Outsourcing.
- Document Outsourcing, which includes Managed Print Services, Central Print Services and revenues from our partner print services offerings.

Document Technology:

The Document Technology segment is centered around strategic product groups, which share common technology, manufacturing and product platforms. This segment includes the sale of document systems and supplies, provision of technical service and financing of products. Our products range from:

- “Entry”, which includes A4 devices and desktop printers.
- “Mid-Range”, which includes A3 devices that generally serve workgroup environments in mid to large enterprises. This includes products that fall into the market categories, Color 41+ppm <$100K and Light Production 91+ppm <$100K.
- “High-End”, which includes production printing and publishing systems that generally serve the graphic communications marketplace and large enterprises.

Other:

The Other segment includes paper sales in our developing market countries, Wide Format Systems, licensing revenue, Global Imaging network integration solutions and electronic presentation systems and non-allocated corporate items including non-financing interest and other items included in Other expenses, net.

APPENDIX III

Xerox Corporation
2014 Financial Statement Revision

During second quarter 2015, in connection with Fuji Xerox's (FX) payment of its semi-annual dividend, we determined that the dividends were no longer subject to an additional tax as a result of a change in the U.K. - Japan Tax Treaty in December 2014. As of December 31, 2014, we had a deferred tax liability of $44 million associated with this additional tax on the undistributed earnings of FX through that date. This deferred tax liability was no longer required as a result of the change in the Tax Treaty and therefore should have been reversed in December 2014. There was no impact on operating cash flows from this adjustment. We assessed the materiality of this error on our 2014 financial statements and concluded that it was not material to the fourth quarter or annual period. However, due to the impact of this adjustment on the current year financial statements, the 2014 financial statements have been revised to reflect the reduction in income tax expense of $44 million.

Fourth-Quarter 2015 Earnings Presentation

Ursula Burns
Chairman & CEO

Leslie Varon
Chief Financial Officer (Interim)

January 29, 2016

xerox

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

xerox

Document Technology

Printing Market leader

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

~$11B	~40K
FY15 Revenue	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	~104K
FY15 Revenue	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

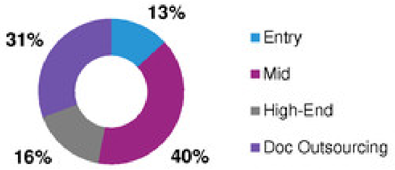
Document Technology: Global Leader in $90B Document Management and Outsourcing Market

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%)

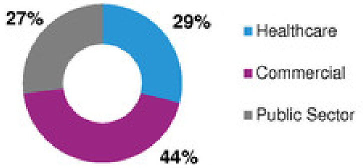
BPO: Leading Enterprise for the next generation of Business Process Outsourcing

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

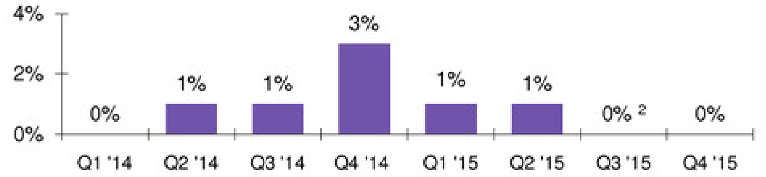
(in millions, except per share data)	Q4 2015	B/(W) YOY	Comments
Revenue	$ 4,653	$ (380)	Decline driven by Document Technology and currency
Gross Margin	31.3%	(0.8) pts	
RD&E	$ 145	$ 5	
SAG	$ 883	$ 59	
Adjusted Operating Income[1]	**$ 428**	**$ (96)**	Lower revenues pressure margin; accelerating productivity 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

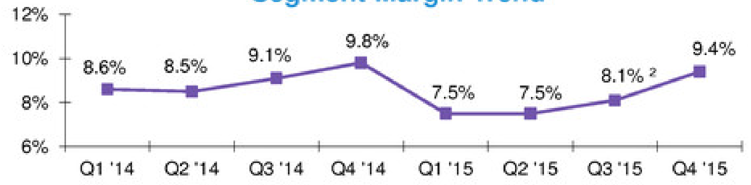
Services Segment

(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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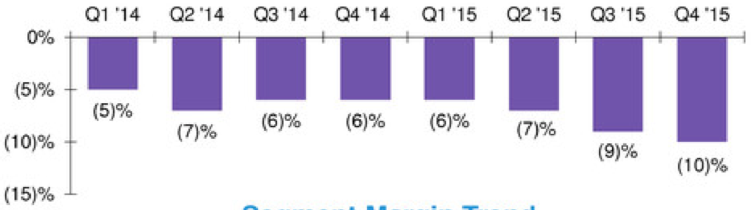
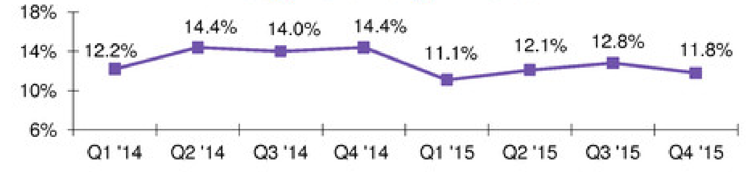
Document Technology Segment

(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

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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

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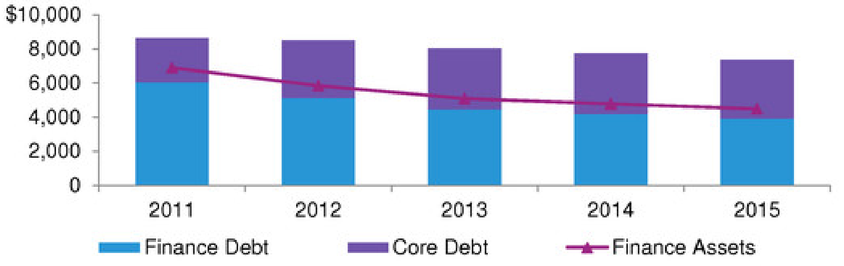
Capital Structure

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

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

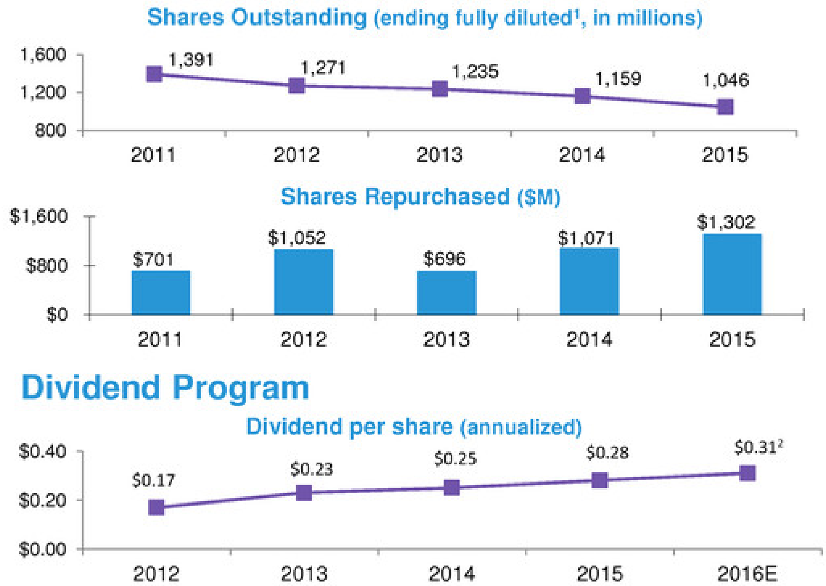
Core debt level managed to maintain investment grade rating

Over half of Xerox debt supports finance assets

$7.4B of debt at year-end

Capital Allocation Enhances Shareholder Returns

Share Repurchase 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

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

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

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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

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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

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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			Q2			Q3			Q4			FY 2015		
	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax (Loss) Income	Income Tax (Benefit) Expense	Effective Tax Rate	Pre-Tax Income	Income Tax Expense	Effective Tax Rate	Pre-Tax Income	Income Tax (Benefit) Expense	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.

Revised 2015 Segments - New Reporting Basis

(in $ millions)	Reported FY 15	Adj Reported FY15	New Reporting Basis Education/ Student Loan	New Reporting Basis 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 not 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.

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FY GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Year Ended December 31, 2015 Net Income		Year Ended December 31, 2015 EPS		Year Ended December 31, 2014 Net Income		Year Ended December 31, 2014 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.

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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

(in millions)	Three Months Ended December 31, 2015			Three Months Ended December 31, 2014		
	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

(in millions)	Year Ended December 31, 2015			Year Ended December 31, 2014		
	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	Income Tax Expense	Effective Tax Rate	Three Months Ended December 31, 2014 Pre-Tax Income	Income Tax Expense	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	Income Tax (Benefit) Expense	Effective Tax Rate	Year Ended December 31, 2014 Pre-Tax Income	Income Tax Expense	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)	Total Revenue	Annuity Revenue	Outsourcing, Maintenance and Rentals Revenue	Total Segment Profit	Total Segment Margin
	Year Ended December 31, 2015				
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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Exhibit 99.4

News from Xerox

For Immediate Release

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Xerox to Separate into Two Market-Leading Public Companies Following Completion of Comprehensive Structural Review

- Transaction to create $11 billion Document Technology company and $7 billion Business Process Outsourcing company in tax free structure
- Separation, expected to be complete by end of 2016, will maximize return to shareholders and align with current market dynamics
- Announces strategic transformation program anticipated to deliver $2.4 billion in savings over next 3 years across both companies

NORWALK, Conn., Jan. 29, 2016 - Xerox (NYSE: XRX) announced today the results of its review of the company's portfolio and capital allocation options announced in October 2015. The Board of the company has unanimously approved management's plan to separate Xerox into two independent publicly- traded companies, each of which will be a leader in its respective industry.

"Today Xerox is taking further affirmative steps to drive shareholder value by announcing it will separate into two strong, independent, publicly traded companies," said Ursula Burns, chairman and chief executive officer of Xerox. "These two companies will be well positioned to lead in their respective rapidly evolving markets and capitalize on the opportunities that now exist to expand margins and increase market share."

"I am confident that the extensive structural review we conducted over the last few months has produced the right path forward for our company. We will now position the companies for success and execute our plan to separate them in the shortest possible timeframe while continuing to focus on achieving our 2016 goals," added Burns.

New Company Details

The **Document Technology** company will continue to be a global leader in document management and document outsourcing with approximately $11 billion in 2015 revenue. It will lead the market with superior technology, solutions and innovations that optimize document management in an increasingly interconnected, digital world. Its strong profitability and free cash flow generation will enable significant capital return and provide for selective investments in attractive growth areas.

The **Business Process Outsourcing (BPO)** company will be an industry leader that helps clients improve the flow of work by leveraging its expertise in managing transaction-intensive processes and applying innovations to automate and simplify business processes. With approximately $7 billion in 2015 revenue - more than 90% of which is annuity based - the company is focused on attractive growth markets including transportation, healthcare, commercial and government services. As an independent company, BPO will have the focus and flexibility needed to continue to adapt to the changing needs of its clients, further refine its portfolio of services and pursue significant growth and margin expansion opportunities.

The leadership and names of the two companies will be determined as the separation process progresses.

Separation Rationale

Today's market realities require greater agility and flexibility, the ability to innovate and adapt technology to address clients' fast-evolving needs, and a more focused and efficient approach to operations and capital allocation. As a result, it has become increasingly clear that the Document Technology and BPO businesses serve distinct client needs, have different growth drivers, and require customized operating models and capital structures. Thus, the separation of the two businesses will enhance their competitive positions and create significant value creation opportunities, including:

- **Enhanced strategic and operational focus.** Each company will leverage its areas of strength and differentiation to address distinct market trends and opportunities. The Document Technology company will invest selectively in growth areas while ensuring continued operational discipline and capturing transformative productivity. The BPO company will focus on leadership in attractive market segments to deliver differentiated solutions to its clients and drive profitable revenue growth.

- **Simplification of organizational structure and resources.** Each company will be able to adapt faster to clients' changing needs, address specific market dynamics, target innovation and investments in select growth areas and accelerate decision making processes.

- **Distinct and clear financial profiles.** The separation will enable each company to leverage its distinct growth profile and cash flow characteristics to optimize its capital structure and capital allocation strategy.

- **Compelling equity investment cases.** As standalone companies, both companies will offer distinct and compelling investment propositions with differentiated financial profiles, growth drivers and business prospects.

Strategic Transformation

Xerox also announced today a three year strategic transformation program targeting a cumulative $2.4 billion savings across all segments. The program is inclusive of ongoing activities and $600 million of incremental transformation initiatives. The company expects $700 million in annualized savings in 2016.

"A core tenet of the strategic transformation we are embarking on today is changing and improving the way we operationalize our businesses. We have identified a plan to deliver cumulative reductions of $2.4 billion over the next three years as part of this process. I have instructed our teams to begin work immediately to deliver the efficiencies needed to achieve our goal," Burns added.

Next Steps

Xerox will begin the process to separate into the two companies while it finalizes the transaction structure. Xerox's objective is to complete the separation by year-end, subject to customary conditions, receipt of regulatory approvals, tax considerations, securing any necessary financing and final approval of the Xerox Board.

The transaction is intended to be tax-free to Xerox shareholders for federal income tax purposes.

Until the separation is complete, Xerox will continue to operate as a single company and it will continue to be business as usual for our customers and employees.

Advisors

Lazard and Goldman Sachs & Co are serving as financial advisors and Cravath, Swaine & Moore LLP is serving as legal advisor to Xerox. Centerview Partners is serving as financial advisor and Paul, Weiss, Rifkind, Wharton & Garrison LLP is serving as legal advisor to the Board of Directors.

Conference Call Details
Xerox will be hosting a conference call today at 10:00 a.m. ET. The live event can be accessed online at http://edge.media-server.com/m/p/rykhkkz7.

An archived audio webcast of this event will be available shortly following the conference call.

Additional information regarding the separation can be found on www.XeroxPathForward.com.

About Xerox

Xerox is helping change the way the world works. By applying our expertise in imaging, business process, analytics, automation and user-centric insights, we engineer the flow of work to provide greater productivity, efficiency and personalization. We conduct business in 180 countries, and our more than 140,000 employees create meaningful innovations and provide business process services, printing equipment, software and solutions that make a real difference for our clients - and their customers. Learn more at www.xerox.com.

Forward-Looking Statements

This release 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.

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