Third-Quarter 2014 Earnings Presentation

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October 22, 2014

Forward-Looking Statements

This presentation contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. These statements reflect management’s current beliefs, assumptions and expectations and are subject to a number of factors that may cause actual results to differ materially. These factors include but are not limited to: changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters in the United States and in the foreign countries in which we do business; changes in foreign currency exchange rates; actions of competitors; our ability to obtain adequate pricing for our products and services and to maintain and improve cost efficiency of operations, including savings from restructuring actions and the relocation of our service delivery centers; the risk that multi-year contracts with governmental entities could be terminated prior to the end of the contract term; the risk in the hiring and retention of qualified personnel; the risk that unexpected costs will be incurred; the risk that subcontractors, software vendors and utility and network providers will not perform in a timely, quality manner; our ability to recover capital investments; the risk that our Services business could be adversely affected if we are unsuccessful in managing the start-up of new contracts; development of new products and services; our ability to protect our intellectual property rights; our ability to expand equipment placements; the risk that individually identifiable information of customers, clients and employees could be inadvertently disclosed or disclosed as a result of a breach of our security; service interruptions; interest rates, cost of borrowing and access to credit markets; reliance on third parties, including subcontractors, for manufacturing of products and provision of services; our ability to drive the expanded use of color in printing and copying; the outcome of litigation and regulatory proceedings to which we may be a party; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section and other sections of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014 and our 2013 Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required by law.

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Xerox Direction

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

Annuity 85%
of Total Revenue

Services 57%
of Total Revenue

Third-Quarter Overview

Adjusted EPS[1] of 27 cents, GAAP EPS[2] of 22 cents

Total revenue of $5.1B, down 2%

Services revenue up 1% or flat CC[1]; margin of 8.9%

- Revenue growth improves in BPO; offsets decline in ITO
- Margin increased sequentially driven by BPO

Document Technology revenue down 6%; margin of 14.0%

- Profit expansion driven by continued productivity initiatives as well as currency and pension benefits

Operating margin[1] of 9.5%, up 10 bps YOY

Cash from operations of $595M in Q3, $1.2B YTD

- Share repurchase of $251M in Q3, $730M YTD
- Acquisitions of $25M in Q3, $306M YTD

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

Earnings

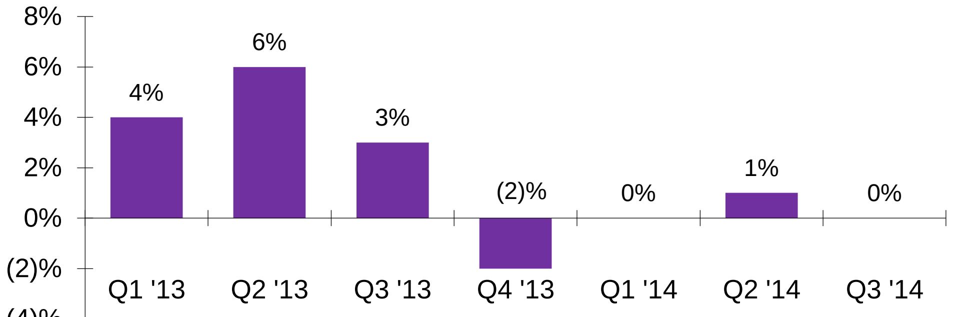
(in millions, except per share data)	Q3 2014	B/(W)	Comments
Revenue	$ 5,120	$ (115)	Services up 1%, Document Technology down 6%
Gross Margin	30.8%	(0.7) pts	
RD&E	$ 138	$ 7	
SAG	$ 951	$ 64	
SAG % of Revenue	*18.6%*	*0.8 pts*	
Adjusted Operating Income[1]	**$ 486**	**$ (4)**	Operating profit growth in Document Technology offset by decline in Services
Operating Income % of Revenue	*9.5%*	*0.1 pt*	
Adjusted Other, net[1]	$ 107	$ (29)	O(I)D $35M higher YOY; Restructuring $7M lower YOY
Equity Income	$ 44	$ 1	
Adjusted Tax Rate[1]	26.8%	1 pt	Compares to prior year tax rate of 27.8%
Adjusted Net Income – Xerox[1]	**$ 320**	**$ (19)**	
Adjusted EPS[1]	**$ 0.27**	**$0.01**	High-end of 25 to 27 cents guidance
Amortization of intangible assets	0.05	(0.01)	
GAAP EPS[2]	**$ 0.22**	**Flat**	

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

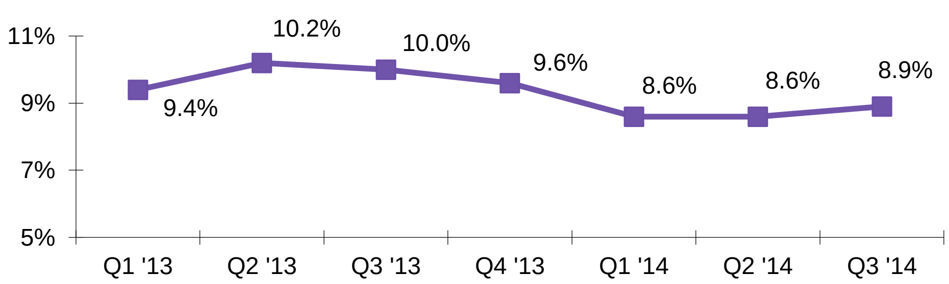
Services Segment

(in millions)	Q3 2014	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$2,948	1%	Flat
Segment Profit	$262	(10)%	
Segment Margin	8.9%	(1.1) pts	

Revenue Growth Trend (CC[1])



Segment Margin Trend



BPO revenue up 2%, DO flat and ITO down 3%

Margin up sequentially; short of expectations

Multi-plank strategy progressing

- Re-aligning organization to leverage our scale, gain efficiencies and improve customer value

Signings

- BPO/ITO renewal rate of 82%
- New business signings[2] down 18% YOY and 6% TTM
- Significant deals awarded, not yet signed

Signings (TCV)	Q3
Business Process Outsourcing	$1.4
Document Outsourcing	$0.7
Information Technology Outsourcing	$0.2
Total	**$2.3B**
YOY Growth	(21)%
TTM Growth	(17)%

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

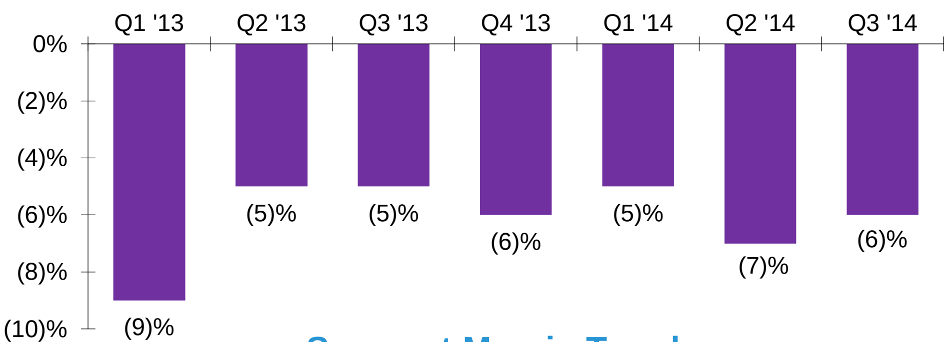
[2]New Business Signings = ARR (Annual Recurring Revenue) + NRR (Non-Recurring Revenue)

Note: Historical data updated to reflect Truckload Management Services divestiture and reclassification to Discontinued Operations

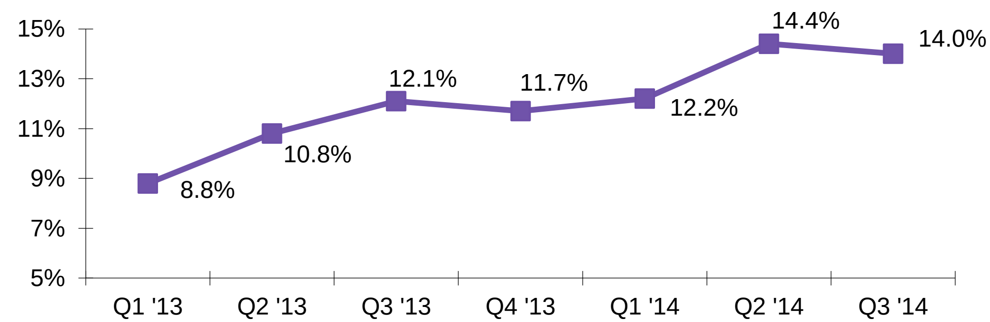
Document Technology Segment

(in millions)	Q3 2014	% B/(W) YOY Act Cur	CC[1]
Total Revenue	$2,029	(6)%	(6)%
Segment Profit	$285	9%	
Segment Margin	14.0%	1.9 pts	

Revenue Growth Trend (CC[1])



Segment Margin Trend



Strong segment profit growth and margin

- Continue to benefit from significant productivity actions, favorable mix, pension and currency

Revenue in-line with expectations

- Prior year finance receivable sale impacted revenue decline by a point

Announced 17 new products in Q3

- New products will benefit Q4 and 2015

Entry Installs	**Q3**
A4 Mono MFDs	(20)%
A4 Color MFDs	(20)%
Color Printers	(15)%
Mid-Range Installs	
Mid-Range B&W MFDs	(8)%
Mid-Range Color MFDs	Flat
High-End Installs	
High-End B&W	1%
High-End Color[2]	(24)%
High-End Color excl DFE sales[2]	*3%*

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

[2]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 3% in Q3 excluding DFE's.

Cash Flow

(in millions)	Q3 2014	YTD 2014
Net Income	$ 272	$ 830
Depreciation and amortization	349	1,070
Restructuring and asset impairment charges	28	93
Restructuring payments	(31)	(103)
Contributions to defined benefit pension plans	(101)	(206)
Inventories	(34)	(137)
Accounts receivable and Billed portion of finance receivables[1]	10	(153)
Accounts payable and Accrued compensation	126	38
Equipment on operating leases	(81)	(204)
Finance receivables[1]	48	144
Other	9	(166)
Cash from Operations	**$ 595**	**$ 1,206**
Cash from Investing	**$ (128)**	**$ (574)**
Cash from Financing	**$ (417)**	**$ (1,327)**
Change in Cash and Cash Equivalents	8	(749)
Ending Cash and Cash Equivalents	**$ 1,015**	**$ 1,015**

Cash From Ops $595M, $1.2B YTD

- Underlying Cash from Ops[2] $697M in Q3, $1,543M YTD

Q3 YOY impact from Finance Receivable sales was $(418)M[3]

Working capital continues to improve

CAPEX $112M

Acquisitions $25M

Share Repurchase of $251M and $77M of Common Stock Dividends

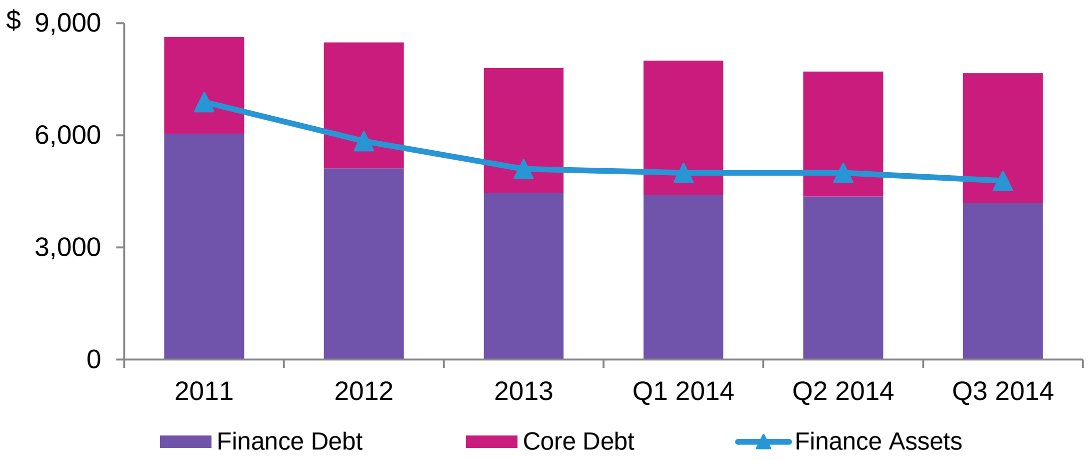
[1]Accounts receivable includes collections of deferred proceeds from sales of receivables and finance receivables includes collections on beneficial interest from sales of finance receivables

[2]See Underlying Cash Flow slide in Appendix

[3]YOY estimated impact to operating cash flows from prior years finance receivable sales

Capital Structure

Debt and Finance Asset Trend
(in millions)



Core debt level managed to maintain investment grade

Over half of Xerox debt supports finance assets

Continue to expect to end 2014 with ~$7.8B of debt

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

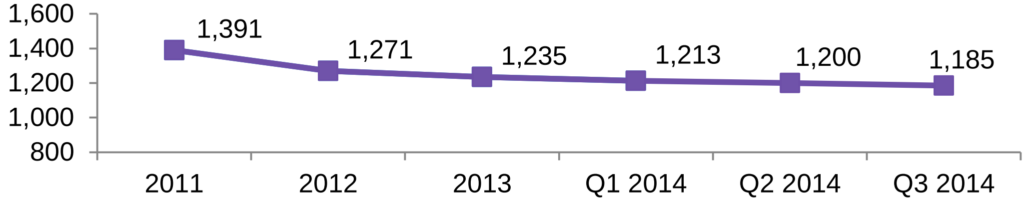
Q3 2014

(in billions)	Fin. Assets	Debt
Financing	$4.8	$ 4.2
Core	-	$ 3.5
Total Xerox	$ 4.8	$ 7.7

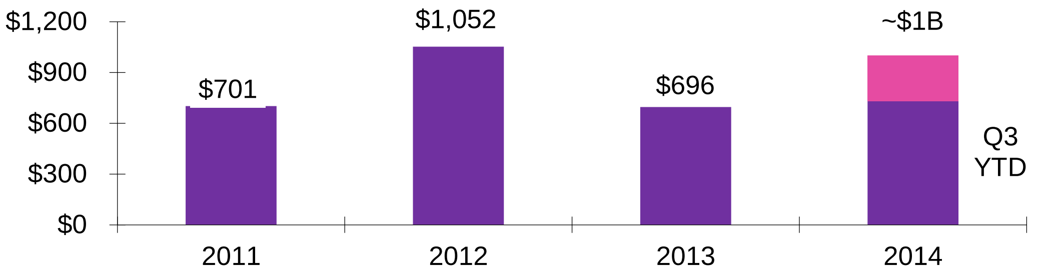
Capital Allocation Enhances Shareholder Returns

Share Repurchase Program

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

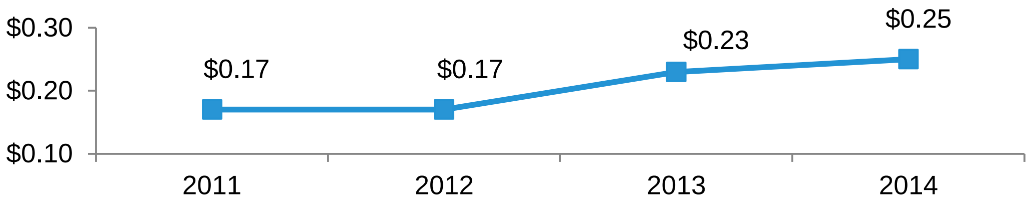


Shares Repurchased ($M)



Dividend Program

Dividend per share (annualized)



Repurchased $730M shares through September

Increasing expectation to ~$1B in share repurchase full year

Quarterly common dividend at 6.25 cents per share[2]

Expect ~$300M in dividend payments full year

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

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

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Summary

Continued strong profitability in Document Technology

- Expect benefits from productivity actions, currency and pensions to continue in Q4
- Recent product launches position us well in the market

Executing on Services profitability and growth initiatives

- Investing in leadership and overall talent base while re-aligning organization to better leverage our scale
- Seeing improvement in government healthcare; focus continues

Strong Cash Flow; raising share repurchase expectations

FY EPS guidance

- Q4 Adjusted EPS[1] \$0.30 - \$0.32, GAAP EPS[2] \$0.26 - \$0.28
  - Includes approximately 2 cents restructuring
- FY Adjusted EPS[1] \$1.11 - \$1.13, GAAP EPS[2] \$0.93 - \$0.95

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

Appendix

2014 Guidance

	2014
Revenue Growth @ CC	Low-single digit decline
Services	Flat to up 1%
Document Technology	Mid-single digit decline
Adjusted EPS[1] (incl restructuring)	$1.11 - $1.13
GAAP EPS	$0.93 - $0.95
Cash From Operations	$1.8 - $2.0B
CAPEX	$ 0.5B
Free Cash Flow	$1.3 - $1.5B
Share Repurchase	~$1B
Acquisitions	<$500M
Dividend	~$300M

Revenue
- Document Technology trending as expected
- Services revenue flat to up 1%

Earnings
- Narrowing FY EPS range to $1.11 to $1.13
- Drivers
  - Margin upside in Document Technology offsets Services pressure
  - FY Tax Rate of 24% to 26%
  - Fewer shares

Cash flow guidance remains $1.8 - $2.0B
- Increasing share repurchases to ~$1B

Note: Revenue growth guidance excluding potential divestitures
[1]Adjusted for amortization of intangible assets
Constant Currency (CC), Adjusted EPS and Free Cash Flow: see slide 21 for explanation of non-GAAP measures

Revenue Trend

	2012	2013					2014			
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Total Revenue	**$21,634**	**$5,182**	**$5,376**	**$5,235**	**$5,548**	**$21,341**	**$5,099**	**$5,281**	**$5,120**	**$15,500**
Growth	*(1)%*	*(2)%*	*1%*	*Flat*	*(3)%*	*(1)%*	*(2)%*	*(2)%*	*(2)%*	*(2)%*
CC[1] Growth	*Flat*	*(2)%*	*1%*	*(1)%*	*(4)%*	*(2)%*	*(2)%*	*(3)%*	*(2)%*	*(2)%*
Annuity	**$18,158**	**$ 4,458**	**$4,521**	**$4,424**	**$4,579**	**$17,982**	**$4,384**	**$4,500**	**$4,372**	**$13,256**
Growth	*1%*	*(1)%*	*1%*	*Flat*	*(3)%*	*(1)%*	*(2)%*	*Flat*	*(1)%*	*(1)%*
CC[1] Growth	*2%*	*(1)%*	*1%*	*(1)%*	*(3)%*	*(1)%*	*(2)%*	*Flat*	*(1)%*	*(2)%*
Annuity % Revenue	**84%**	**86%**	**84%**	**85%**	**83%**	**84%**	**86%**	**85%**	**85%**	**86%**
Equipment	**$3,476**	**$724**	**$855**	**$811**	**$969**	**$3,359**	**$715**	**$781**	**$748**	**$2,244**
Growth	*(10)%*	*(11)%*	*1%*	*1%*	*(4)%*	*(3)%*	*(1)%*	*(9)%*	*(8)%*	*(6)%*
CC[1] Growth	*(8)%*	*(11)%*	*1%*	*Flat*	*(5)%*	*(4)%*	*(2)%*	*(9)%*	*(8)%*	*(7)%*

Note: 2012, 2013, Q1 2014 and Q2 2014 are revised to remove business revenues that were reclassified to discontinued operations

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

Segment Revenue Trend

	2012	2013					2014			
(in millions)	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD
Services	**$11,484**	**$2,909**	**$2,946**	**$2,932**	**$3,027**	**$11,814**	**$2,912**	**$2,992**	**$2,948**	**$8,852**
Growth	*6%*	*4%*	*5%*	*3%*	*(1)%*	*3%*	*Flat*	*2%*	*1%*	*1%*
CC[1] Growth	*7%*	*4%*	*6%*	*3%*	*(2)%*	*3%*	*Flat*	*1%*	*Flat*	*Flat*
Document Technology	**$9,462**	**$2,135**	**$2,263**	**$2,159**	**$2,351**	**$8,908**	**$2,045**	**$2,125**	**$2,029**	**$6,199**
Growth	*(8)%*	*(9)%*	*(5)%*	*(4)%*	*(6)%*	*(6)%*	*(4)%*	*(6)%*	*(6)%*	*(5)%*
CC[1] Growth	*(6)%*	*(9)%*	*(5)%*	*(5)%*	*(6)%*	*(6)%*	*(5)%*	*(7)%*	*(6)%*	*(6)%*
Other	**$688**	**$138**	**$167**	**$144**	**$170**	**$619**	**$142**	**$164**	**$143**	**$449**
Growth	*(7)%*	*(13)%*	*(6)%*	*(6)%*	*(15)%*	*(10)%*	*3%*	*(2)%*	*(1)%*	*Flat*
CC[1] Growth	*(6)%*	*(13)%*	*(6)%*	*(8)%*	*(16)%*	*(10)%*	*3%*	*(2)%*	*(1)%*	*Flat*

Note: 2012, 2013, Q1 2014 and Q2 2014 are revised to remove business revenues that were reclassified to discontinued operations

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

Metrics Reference – Q3 YTD

Signings and Renewal Rate

	YTD
Business Process Outsourcing	$5.5
Document Outsourcing	$2.0
Information Technology Outsourcing	$0.5
Total	**$8.0B**
Signings Growth YOY	(22)%
Signings Growth TTM	(17)%

	YTD
Renewal Rate (BPO and ITO)	75%

Install, MIF and Page Growth

Entry Installs	**YTD**
A4 Mono MFDs	(22)%
A4 Color MFDs	(7)%
Color Printers	(3)%
Mid-Range Installs	
Mid-Range B&W MFDs	(15)%
Mid-Range Color MFDs	1%
High-End Installs	
High-End B&W	(10)%
High-End Color[1]	(14)%

	YTD
Digital MIF	2%
Color MIF	12%
Digital Pages	(3)%
Color Pages	5%
Color Revenue (CC[2])	(2)%

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

[1]High-end color install growth impacted by high digital front end (DFE) sales to Fuji Xerox, High-end up 5% YTD excluding DFE's.

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

Underlying Cash Flow

(in millions)	Q1 2014	Q2 2014	Q3 2014	YTD 2014	Estimated FY 2014	Q1 2013	Q2 2013	Q3 2013	YTD 2013	FY 2013
Operating Cash Flow (OCF)	$286	$325	$595	$1,206	$1.8 - $2.0B	($87)	$533	$961	$1,407	$2.4B
Adjustments:										
Cash From F/R Sales	-	-	-	-	-	-	-	($384)	($384)	$(0.6)B
Impact from prior F/R Sales[1]	$123	$112	$102	$337	$0.4B	$89	$58	$68	$215	$0.3B
Underlying OCF[2]	$409	$437	$697	$1,543	$2.2 - $2.4B	$2	$591	$645	$1,238	$2.1B

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

[2]Underlying OCF is reported OCF adjusted for the impacts of Finance Receivable sales: see slide 21 for explanation of non-GAAP measures

Discontinued Operations Summary

(in millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Revenues	$ 6	$ 109	$ 45	$ 442
(Loss) income from operations	$ (1)	$ -	$ (1)	$ 4
Loss on disposal	(1)	(1)	(1)	(22)
Net loss before income taxes	(2)	(1)	(2)	(18)
Income tax (benefit) / expense	(1)	-	1	4
Loss from discontinued operations, net of tax	$ (1)	$ (1)	$ (3)	$ (22)
Diluted earnings per share from discontinued operations	$ -	$ -	$ (0.01)	$ (0.01)
Total diluted earnings per share, inclusive of discontinued operations	$ 0.22	$ 0.22	$ 0.67	$ 0.67

Note: 2013 Discontinued Operations includes the results related to our North American and European Paper businesses which we sold in 2013. In addition, 2013 and 2014 Discontinued Operations includes the results related to our Truckload Management Services business which we sold in Q2 of 2014, and Xerox Audio Visual which we closed in Q3 of 2014.

Discontinued Operations Restatement Summary

(in millions)	Q1	Q2	Q3	Q4	2013 FY	2014 Q1	2014 Q2
Other Segment Revenue	$ 138	$ 167	$ 144	$ 170	$ 619	$ 142	$ 164
Total Performance Revenue	**$ 5,182**	**$ 5,376**	**$ 5,235**	**$ 5,548**	**$ 21,341**	**$ 5,099**	**$ 5,281**
Other Segment Profit	$ (69)	$ (61)	$ (56)	$ (35)	$ (221)	$ (51)	$ (75)
Total Segment Profit	**$ 390**	**$ 484**	**$ 497**	**$ 529**	**$ 1,900**	**$ 449**	**$ 488**
Other Segment Margin	(50.0%)	(36.5%)	(38.9%)	(20.6%)	(35.7%)	(35.9%)	(45.7%)
Total Segment Margin	**7.5%**	**9.0%**	**9.5%**	**9.5%**	**8.9%**	**8.8%**	**9.2%**

Detailed above is the restatement for Other and Total Segment results by quarter for 2014 and 2013 related to the closure of Xerox's Audio Visual Solutions in July 2014. The entire restated income statement for these periods can be found in the financial model included on our website at http://news.xerox.com/investors/materials.

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Non-GAAP Measures

Non-GAAP Financial Measures

"Adjusted Earnings Measures": To better understand the trends in our business, we believe it is necessary to adjust the following amounts determined in accordance with GAAP to exclude the effects of certain items as well as their related income tax effects.

- Net income and Earnings per share ("EPS")
- Effective tax rate

In 2014 and 2013, we adjusted for the amortization of intangible assets. The amortization of intangible assets is driven by our acquisition activity which can vary in size, nature and timing as compared to other companies within our industry and from period to period. Accordingly, due to the incomparability of acquisition activity among companies and from period to period, we believe exclusion of the amortization associated with intangible assets acquired through our acquisitions allows investors to better compare and understand our results. The use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

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

"Constant Currency": To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. dollars. We refer to this adjusted revenue as "constant currency." Currencies for developing market countries (Latin America, Brazil, Middle East, India, Eurasia and Central-Eastern Europe) that we operate in are reported at actual exchange rates for both actual and constant revenue growth rates because (1) these countries historically have had volatile currency and inflationary environments and (2) our subsidiaries in these countries have historically taken pricing actions to mitigate the impact of inflation and devaluation. Management believes the constant currency measure provides investors an additional perspective on revenue trends. Currency impact can be determined as the difference between actual growth rates and constant currency growth rates.

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Non-GAAP Financial Measures

"Free Cash Flow": To better understand the trends in our business, we believe that it is helpful to adjust cash flows from operations to exclude amounts for capital expenditures including internal use software. Management believes this measure gives investors an additional perspective on cash flow from operating activities in excess of amounts required for reinvestment. It provides a measure of our ability to fund acquisitions, dividends and share repurchase. It also is used to measure our yield on market capitalization. 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 "2014 Guidance".

"Underlying Cash Flow": To better understand the trends in our business, we believe that it is helpful to adjust cash flows from operations for the cash flow impacts from our sales of finance receivables. The sale of finance receivables has a significant impact on operating cash flows in the period of sale as well as on collections in subsequent periods due to the long term nature of these receivables. In addition to providing a better understanding of the underlying trends in cash flows from operations, management believes this measure gives investors an additional perspective on comparing and analyzing the year-over-year changes in our cash flows as well as the impacts of these sales on cash flows in the period. 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 "Underlying Cash Flows".

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

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.

Q3 GAAP EPS to Adjusted EPS Track

(in millions; except per share amounts)	Three Months Ended September 30, 2014 Net Income	Three Months Ended September 30, 2014 EPS	Three Months Ended September 30, 2013 Net Income	Three Months Ended September 30, 2013 EPS
Reported(1)	**$ 267**	**$ 0.22**	**$ 287**	**$ 0.22**
Adjustments:				
Amortization of intangible assets	53	0.05	52	0.04
Adjusted	**$ 320**	**$ 0.27**	**$ 339**	**$ 0.26**
Weighted average shares for adjusted EPS(2)		1,192		1,286
Fully diluted shares at end of period(3)		1,185		

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

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

(3) Represents common shares outstanding at September 30, 2014 as well as shares associated with our Series A convertible preferred stock plus dilutive potential common shares as used for the calculation of diluted earnings per share in the third quarter 2014.

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GAAP EPS to Adjusted EPS Guidance Track

	Earnings Per Share Guidance	
	Q4 2014	FY 2014
GAAP EPS from Continuing Operations	**$0.26 - $0.28**	**$0.93 - $0.95**
Adjustments:		
Amortization of intangible assets	0.04	0.18
Adjusted EPS	**$0.30 - $0.32**	**$1.11 - $1.13**

Note: GAAP and Adjusted EPS guidance includes anticipated restructuring

Q3 Adjusted Operating Income/Margin

(in millions)	Three Months Ended September 30, 2014			Three Months Ended September 30, 2013		
	Profit	Revenue	Margin	Profit	Revenue	Margin
Reported pre-tax income[1]	**$ 300**	**$ 5,120**	**5.9%**	**$ 334**	**$ 5,235**	**6.4%**
Adjustments:						
Amortization of intangible assets	85			83		
Xerox restructuring charge	28			35		
Other expenses, net	73			38		
Adjusted Operating Income/Margin	**$ 486**	**$ 5,120**	**9.5%**	**$ 490**	**$ 5,235**	**9.4%**

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

Q3 Adjusted Other, net

(in millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013
Other expenses, net - Reported	**$ 73**	**$ 38**
Adjustments:		
Xerox restructuring charge	28	35
Net income attributable to noncontrolling interests	6	5
Other expenses, net - Adjusted	**$ 107**	**$ 78**

Q3 Adjusted Effective Tax Rate

(in millions)	Three Months Ended September 30, 2014 Pre-Tax Income	Three Months Ended September 30, 2014 Income Tax Expense	Three Months Ended September 30, 2014 Effective Tax Rate	Three Months Ended September 30, 2013 Pre-Tax Income	Three Months Ended September 30, 2013 Income Tax Expense	Three Months Ended September 30, 2013 Effective Tax Rate
Reported[(1)]	**$ 300**	**$ 71**	**23.7%**	**$ 334**	**$ 85**	**25.4%**
Adjustments:						
Amortization of intangible assets	85	32		83	31	
Adjusted	**$ 385**	**$ 103**	**26.8%**	**$ 417**	**$ 116**	**27.8%**

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

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Q3 Services Revenue Breakdown

(in millions)	Three Months Ended September 30, 2014	2013	% Change
Business Processing Outsourcing	$ 1,786	$ 1,751	2%
Document Outsourcing	832	828	-%
Information Technology Outsourcing	376	389	(3%)
Less: Intra-Segment Eliminations	(46)	(36)	28%
Total Revenue - Services	**$ 2,948**	**$ 2,932**	1%

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

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