

**Xerox Holdings Financial Model**  
(unaudited)

(in \$ millions, except per-share data)

	2017	2018					2019				
	FY *	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	FY
<b>Total Revenues</b>	<b>9,991</b>	<b>2,381</b>	<b>2,469</b>	<b>2,314</b>	<b>2,498</b>	<b>9,662</b>	<b>2,180</b>	<b>2,263</b>	<b>2,179</b>	<b>2,444</b>	<b>9,066</b>
<b>Cost of Revenue</b>											
Cost of sales	2,133	490	567	518	613	2,188	450	539	503	605	2,097
Cost of services, maintenance, and rentals	3,654	898	882	838	855	3,473	821	806	771	790	3,188
Cost of financing	133	34	33	33	32	132	32	33	33	33	131
<b>Total Cost of Revenue</b>	<b>5,920</b>	<b>1,422</b>	<b>1,482</b>	<b>1,389</b>	<b>1,500</b>	<b>5,793</b>	<b>1,303</b>	<b>1,378</b>	<b>1,307</b>	<b>1,428</b>	<b>5,416</b>
<b>Gross Profit</b>											
Sales gross profit	1,279	302	319	300	345	1,266	274	261	281	314	1,130
Services, maintenance and rentals gross profit	2,631	620	633	593	621	2,467	572	596	564	675	2,407
Financing gross profit	161	37	35	32	32	136	31	28	27	27	113
<b>Gross Profit</b>	<b>4,071</b>	<b>959</b>	<b>987</b>	<b>925</b>	<b>998</b>	<b>3,869</b>	<b>877</b>	<b>885</b>	<b>872</b>	<b>1,016</b>	<b>3,650</b>
<b>Research, development &amp; engineering</b>	<b>424</b>	<b>100</b>	<b>101</b>	<b>102</b>	<b>94</b>	<b>397</b>	<b>92</b>	<b>88</b>	<b>100</b>	<b>93</b>	<b>373</b>
Bad Debt Expense	33	13	12	10	1	36	13	12	13	8	46
Selling, administrative and general exp. (Excl Bad Debts)	2,481	612	609	571	551	2,343	533	505	497	504	2,039
<b>Total Selling, administrative and general exp.</b>	<b>2,514</b>	<b>625</b>	<b>621</b>	<b>581</b>	<b>552</b>	<b>2,379</b>	<b>546</b>	<b>517</b>	<b>510</b>	<b>512</b>	<b>2,085</b>
Non-financing interest expense	119	29	28	28	29	114	28	26	27	24	105
Aggregate Exchange losses / (gains)	4	(2)	1	3	3	5	2	-	4	1	7
All other, net	207	3	11	26	112	152	9	12	(32)	(17)	(28)
<b>Total Other, net</b>	<b>330</b>	<b>30</b>	<b>40</b>	<b>57</b>	<b>144</b>	<b>271</b>	<b>39</b>	<b>38</b>	<b>(1)</b>	<b>8</b>	<b>84</b>
Restructuring and related costs	216	28	33	29	67	157	112	37	27	53	229
Amortization of intangible assets	53	12	12	12	12	48	15	11	9	10	45
Transaction and related costs	9	38	58	(33)	5	68	-	4	4	4	12
<b>Total Costs and Expenses</b>	<b>9,466</b>	<b>2,255</b>	<b>2,347</b>	<b>2,137</b>	<b>2,374</b>	<b>9,113</b>	<b>2,107</b>	<b>2,073</b>	<b>1,956</b>	<b>2,108</b>	<b>8,244</b>
<b>Income before Income Taxes &amp; Equity Income</b>	<b>525</b>	<b>126</b>	<b>122</b>	<b>177</b>	<b>124</b>	<b>549</b>	<b>73</b>	<b>190</b>	<b>223</b>	<b>336</b>	<b>822</b>
Income Taxes	392	39	35	139	34	247	(10)	50	66	73	179
Equity in net income of unconsolidated affiliates	13	2	2	2	2	8	2	2	1	3	8
<b>Income from Continuing Operations</b>	<b>146</b>	<b>89</b>	<b>89</b>	<b>40</b>	<b>92</b>	<b>310</b>	<b>85</b>	<b>142</b>	<b>158</b>	<b>266</b>	<b>651</b>
Income (loss) from discontinued operations, net of tax	61	(63)	25	53	49	64	51	42	64	553	710
<b>Net Income</b>	<b>207</b>	<b>26</b>	<b>114</b>	<b>93</b>	<b>141</b>	<b>374</b>	<b>136</b>	<b>184</b>	<b>222</b>	<b>819</b>	<b>1,361</b>
Less: Income from continuing operations attributable to noncontrolling interests	4	1	1	1	1	4	1	1	1	-	3
Less: Income from discontinued operations attributable to noncontrolling interests	8	2	1	3	3	9	2	2	0	1	5
<b>Net Income Attributable to Xerox Holdings</b>	<b>195</b>	<b>23</b>	<b>112</b>	<b>89</b>	<b>137</b>	<b>361</b>	<b>133</b>	<b>181</b>	<b>221</b>	<b>818</b>	<b>1,353</b>
<b>Amounts Attributable to Xerox Holdings</b>											
Continuing operations	142	88	88	39	91	306	84	141	157	266	648
Discontinued operations	53	(65)	24	50	46	55	49	40	64	552	705
<b>Net Income Attributable to Xerox Holdings</b>	<b>195</b>	<b>23</b>	<b>112</b>	<b>89</b>	<b>137</b>	<b>361</b>	<b>133</b>	<b>181</b>	<b>221</b>	<b>818</b>	<b>1,353</b>

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(unaudited)**

(in \$ millions, except per-share data)

		2017	2018					2019				
		FY *	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	FY
<b>Preferred Dividends/ Other</b>	- Basic	14	4	3	4	3	14	4	3	4	3	14
	- Diluted **	14	4	3	4	3	14	-	-	-	-	-
<b>Weighted Average Shares</b>	- Basic	254	255	255	251	236	249	229	224	220	215	222
	- Diluted **	257	257	258	254	246	252	240	235	231	227	233
<b>Earnings Per Share</b>	- Basic:											
	Continuing operations	0.50	0.33	0.33	0.14	0.37	1.17	0.35	0.62	0.70	1.22	2.86
	Discontinued operations	0.21	(0.25)	0.09	0.20	0.19	0.23	0.22	0.17	0.29	2.56	3.17
	<u>Total Basic Earnings (Loss) per Share</u>	<u>0.71</u>	<u>0.08</u>	<u>0.42</u>	<u>0.34</u>	<u>0.56</u>	<u>1.40</u>	<u>0.57</u>	<u>0.79</u>	<u>0.99</u>	<u>3.78</u>	<u>6.03</u>
	- Diluted:											
	Continuing operations	0.50	0.33	0.33	0.14	0.37	1.16	0.34	0.60	0.68	1.17	2.78
	Discontinued operations	0.21	(0.25)	0.09	0.20	0.19	0.22	0.21	0.17	0.28	2.44	3.02
	<u>Total Diluted Earnings (Loss) per Share</u>	<u>0.71</u>	<u>0.08</u>	<u>0.42</u>	<u>0.34</u>	<u>0.56</u>	<u>1.38</u>	<u>0.55</u>	<u>0.77</u>	<u>0.96</u>	<u>3.61</u>	<u>5.80</u>
<b>Key Ratios - GAAP:</b>												
<b>Gross Margins</b>	- Sales	37.5%	38.1%	36.0%	36.7%	36.0%	36.7%	37.8%	32.6%	35.8%	34.2%	35.0%
	- Services/Maintenance/Rentals	41.9%	40.8%	41.8%	41.4%	42.1%	41.5%	41.1%	42.5%	42.2%	46.1%	43.0%
	- Financing	54.8%	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	45.0%	46.3%
	- Total	40.7%	40.3%	40.0%	40.0%	40.0%	40.0%	40.2%	39.1%	40.0%	41.6%	40.3%
<b>SAG as a % of Revenue</b>		25.2%	26.2%	25.2%	25.1%	22.1%	24.6%	25.0%	22.8%	23.4%	20.9%	23.0%
<b>Tax Rate</b>		74.7%	31.0%	28.7%	78.5%	27.4%	45.0%	-13.7%	26.3%	29.6%	21.7%	21.8%
<b>Ending Xerox Employment</b>		35,300	35,000	34,300	33,200	32,400	32,400	30,900	27,900	27,600	27,000	27,000

\*Amounts have been revised to reflect discontinued operations reporting for FX and XIP and are estimates to be finalized with the filing of our 2019 Form 10K.

\*\*For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.

**Xerox Holdings Financial Model - Non-GAAP basis  
(unaudited)**

(in \$ millions, except per-share data)

Non-GAAP basis is adjusted to exclude restructuring and related costs, amortization of intangible assets, transaction and related costs, non-service retirement-related costs as well as other discrete, unusual or infrequent items as described in our Non-GAAP Financial Measures section of our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K

	2017	2018				2019					
	FY *	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	YTD
<b>Revenues</b>											
Sales	3,412	792	886	818	958	3,454	724	800	784	919	3,227
Services, maintenance and rentals	6,285	1,518	1,515	1,431	1,476	5,940	1,393	1,402	1,335	1,465	5,595
Financing	294	71	68	65	64	268	63	61	60	60	244
<b>Total Revenues</b>	<b>9,991</b>	<b>2,381</b>	<b>2,469</b>	<b>2,314</b>	<b>2,498</b>	<b>9,662</b>	<b>2,180</b>	<b>2,263</b>	<b>2,179</b>	<b>2,444</b>	<b>9,066</b>
<b>Cost of Revenue</b>											
Cost of sales	2,133	490	567	518	613	2,188	450	539	503	605	2,097
Cost of services, maintenance and rentals	3,654	898	882	838	855	3,473	821	806	771	790	3,188
Cost of financing	133	34	33	33	32	132	32	33	33	33	131
<b>Total Cost of Revenue</b>	<b>5,920</b>	<b>1,422</b>	<b>1,482</b>	<b>1,389</b>	<b>1,500</b>	<b>5,793</b>	<b>1,303</b>	<b>1,378</b>	<b>1,307</b>	<b>1,428</b>	<b>5,416</b>
<b>Gross Profit</b>											
Sales gross profit	1,279	302	319	300	345	1,266	274	261	281	314	1,130
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<b>Gross Profit</b>	<b>4,071</b>	<b>959</b>	<b>987</b>	<b>925</b>	<b>998</b>	<b>3,869</b>	<b>877</b>	<b>885</b>	<b>872</b>	<b>1,016</b>	<b>3,650</b>
<b>Research, development &amp; engineering</b>	<b>424</b>	<b>100</b>	<b>101</b>	<b>102</b>	<b>94</b>	<b>397</b>	<b>92</b>	<b>88</b>	<b>100</b>	<b>93</b>	<b>373</b>
Bad Debt Expense	33	13	12	10	1	36	13	12	13	8	46
Selling, administrative and general exp. (Excl Bad Debts)	2,481	612	609	571	551	2,343	533	505	497	504	2,039
<b>Total Selling, administrative and general exp.</b>	<b>2,514</b>	<b>625</b>	<b>621</b>	<b>581</b>	<b>552</b>	<b>2,379</b>	<b>546</b>	<b>517</b>	<b>510</b>	<b>512</b>	<b>2,085</b>
Non-financing interest expense	119	29	28	28	29	114	28	26	27	24	105
Aggregate Exchange losses / (gains)	4	(2)	1	3	3	5	2	-	4	1	7
All other, net	(1)	(22)	(14)	(7)	2	(41)	(4)	2	(22)	(10)	(34)
<b>Total Other, net</b>	<b>122</b>	<b>5</b>	<b>15</b>	<b>24</b>	<b>34</b>	<b>78</b>	<b>26</b>	<b>28</b>	<b>9</b>	<b>15</b>	<b>78</b>
<b>Total Costs and Expenses</b>	<b>8,980</b>	<b>2,152</b>	<b>2,219</b>	<b>2,096</b>	<b>2,180</b>	<b>8,647</b>	<b>1,967</b>	<b>2,011</b>	<b>1,926</b>	<b>2,048</b>	<b>7,952</b>
<b>Income before Income Taxes &amp; Equity Income</b>	<b>1,011</b>	<b>229</b>	<b>250</b>	<b>218</b>	<b>318</b>	<b>1,015</b>	<b>213</b>	<b>252</b>	<b>253</b>	<b>396</b>	<b>1,114</b>
Income Taxes	268	65	67	54	88	274	56	67	69	99	291
Equity in Net Income of Unconsol. Affil.	13	2	2	2	2	8	2	2	1	3	8
<b>Income from Continuing Operations</b>	<b>756</b>	<b>166</b>	<b>185</b>	<b>166</b>	<b>232</b>	<b>749</b>	<b>159</b>	<b>187</b>	<b>185</b>	<b>300</b>	<b>831</b>
Less: Net Income attributable to Noncontrolling Interests	4	1	1	1	1	4	1	1	1	-	3
<b>Net Income from Continuing Operations Attributable to Xerox Holdings</b>	<b>752</b>	<b>165</b>	<b>184</b>	<b>165</b>	<b>231</b>	<b>745</b>	<b>158</b>	<b>186</b>	<b>184</b>	<b>300</b>	<b>828</b>

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(in \$ millions, except per-share data)

	2017	2018				2019					
	FY *	Q1 *	Q2 *	Q3 *	Q4	FY	Q1 *	Q2 *	Q3 *	Q4	YTD
<b>Earnings Per Share</b>											
Continuing Operations:	2.86	0.62	0.69	0.64	0.94	2.88	0.66	0.79	0.80	1.33	3.55
Preferred Dividends - Adjusted EPS *	-	-	-	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	2.86	0.62	0.69	0.64	0.94	2.88	0.66	0.79	0.80	1.33	3.55
Adjusted Weighted Average Shares *	263	264	265	261	246	258	240	235	231	227	233
<b>Key Ratios - Adjusted:</b>											
<b>Gross Margins</b>											
- Sales	37.5%	38.1%	36.0%	36.7%	36.0%	36.7%	37.8%	32.6%	35.8%	34.2%	35.0%
- Services/Maintenance/Rentals	41.9%	40.8%	41.8%	41.4%	42.1%	41.5%	41.1%	42.5%	42.2%	46.1%	43.0%
- Financing	54.8%	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	45.0%	46.3%
- Total	40.7%	40.3%	40.0%	40.0%	40.0%	40.0%	40.2%	39.1%	40.0%	41.6%	40.3%
<b>Adjusted Operating Margin</b>	11.3%	9.8%	10.7%	10.5%	14.1%	11.3%	11.0%	12.4%	12.0%	16.8%	13.1%
<b>SAG as a % of Revenue</b>	25.2%	26.2%	25.2%	25.1%	22.1%	24.6%	25.0%	22.8%	23.4%	20.9%	23.0%
<b>Adjusted Effective Tax Rate</b>	26.5%	28.3%	27.2%	24.9%	27.7%	27.0%	26.6%	26.3%	27.6%	25.0%	26.1%
<b>Non-GAAP Adjustments:</b>											
Restructuring and related costs	216	28	33	29	67	157	112	37	27	53	229
Amortization of intangible assets	53	12	12	12	12	48	15	11	9	10	45
Non-service retirement-related costs	188	25	25	33	67	150	13	10	(2)	(3)	18
Contract termination costs - IT service provider	-	-	-	-	43	43	-	-	(8)	(4)	(12)
Transaction and related costs	9	38	58	(33)	5	68	-	4	4	4	12
Loss on early extinguishment of debt	20	-	-	-	-	-	-	-	-	-	-
Remeasurement of unrecognized tax positions	(16)	-	-	-	-	-	-	-	-	-	-
Tax on adjusted items	(260)	(26)	(32)	(10)	(48)	(116)	(31)	(17)	(7)	(22)	(77)
US Tax Act	400	-	-	95	(6)	89	(35)	-	4	(4)	(35)
Total Non-GAAP Adjustments	610	77	96	126	140	439	74	45	27	34	180

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\*\*For those periods that exclude the preferred stock dividend the average shares for the calculations of diluted EPS include 7 million shares associated with our Series A or Series B convertible preferred stock.

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(unaudited)**

(in \$ millions)	2018					2019					2019	2019
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	YOY CC	YOY CC
											%	%
											Change	Change
											Q4	FY
<b>Revenue</b>												
Entry	53	62	56	66	237	53	52	49	63	217	(4.2)%	(6.9)%
Mid-range	334	390	351	418	1,493	302	350	344	408	1,404	(2.0)%	(4.9)%
High-end	92	100	94	137	423	89	97	96	139	421	1.9%	1.2%
Other	5	4	8	8	25	4	5	5	6	20	(25.0)%	(20.0)%
<b>Total Equipment Revenue</b>	<b>484</b>	<b>556</b>	<b>509</b>	<b>629</b>	<b>2,178</b>	<b>448</b>	<b>504</b>	<b>494</b>	<b>616</b>	<b>2,062</b>	<b>(1.5)%</b>	<b>(4.0)%</b>
Americas	1,535	1,612	1,545	1,616	6,308	1,410	1,504	1,487	1,562	5,963	(3.3)%	(5.2)%
EMEA	795	799	713	830	3,137	712	708	641	756	2,817	(7.4)%	(6.4)%
Other	51	58	56	52	217	58	51	51	126	286	*	31.8%
<b>Total Revenue</b>	<b>2,381</b>	<b>2,469</b>	<b>2,314</b>	<b>2,498</b>	<b>9,662</b>	<b>2,180</b>	<b>2,263</b>	<b>2,179</b>	<b>2,444</b>	<b>9,066</b>	<b>(1.6)%</b>	<b>(4.7)%</b>
<b>Installs (1)</b>												
<b>Entry A4 MFPS</b>												
Color	4%	21%	(8)%	11%	12%	10%	(12)%	10%	(2)%	0.3%		
B&W	18%	21%	21%	9%	17%	(2)%	1%	(6)%	(9)%	(4)%		
<b>Mid-range</b>												
Color	16%	29%	8%	3%	10%	(7)%	(12)%	2%	(8)%	(7)%		
B&W	11%	13%	19%	1%	8%	(19)%	(9)%	(20)%	(19)%	(17)%		
<b>High-end</b>												
Color	6%	(9)%	(17)%	(12)%	(9)%	(14)%	1%	12%	(12)%	(4)%		
B&W	(9)%	(12)%	(3)%	(34)%	(18)%	(12)%	(33)%	(22)%	8%	(14)%		

Notes:

(1) Entry installations exclude OEM sales; Mid-range and High-end color installations exclude Fuji Xerox digital front-end sales.

CC = Constant Currency