

Xerox Holdings Financial Model
(unaudited)

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

	2016	2017					2018					2019			
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	YTD
Sales	3,861	843	916	872	1,053	3,684	845	927	856	993	3,621	750	825	804	2,379
Services, maintenance and rentals	6,585	1,535	1,577	1,552	1,623	6,287	1,519	1,515	1,431	1,476	5,941	1,393	1,403	1,336	4,132
Financing	325	76	74	73	71	294	71	68	65	64	268	63	61	60	184
Total Revenues	10,771	2,454	2,567	2,497	2,747	10,265	2,435	2,510	2,352	2,533	9,830	2,206	2,289	2,200	6,695
Cost of Revenue															
Cost of sales	2,456	527	589	548	683	2,347	532	593	539	631	2,295	464	552	515	1,531
Cost of services, maintenance, and rentals	3,882	919	902	915	922	3,658	899	883	838	856	3,476	821	807	772	2,400
Cost of financing	128	33	33	33	34	133	34	33	33	32	132	32	33	33	98
Total Cost of Revenue	6,466	1,479	1,524	1,496	1,639	6,138	1,465	1,509	1,410	1,519	5,903	1,317	1,392	1,320	4,029
Gross Profit															
Sales gross profit	1,405	316	327	324	370	1,337	313	334	317	362	1,326	286	273	289	848
Services, maintenance and rentals gross profit	2,703	616	675	637	701	2,629	620	632	593	620	2,465	572	596	564	1,732
Financing gross profit	197	43	41	40	37	161	37	35	32	32	136	31	28	27	86
Gross Profit	4,305	975	1,043	1,001	1,108	4,127	970	1,001	942	1,014	3,927	889	897	880	2,666
Research, development & engineering	463	111	102	105	106	424	100	101	102	94	397	92	88	100	280
Bad Debt Expense	37	13	9	8	3	33	13	12	10	1	36	13	12	13	38
Selling, administrative and general exp. (Excl Bad Debts)	2,599	621	617	622	633	2,493	615	612	573	554	2,354	535	507	500	1,542
Total Selling, administrative and general exp.	2,636	634	626	630	636	2,526	628	624	583	555	2,390	548	519	513	1,580
Non-financing interest expense	181	36	24	29	30	119	29	27	28	28	112	27	26	27	80
Aggregate Exchange losses / (gains)	13	3	1	-	-	4	(2)	1	3	3	5	2	-	4	6
All other, net	127	75	43	23	65	206	3	11	26	111	151	10	12	(34)	(12)
Total Other, net	321	114	68	52	95	329	30	39	57	142	268	39	38	(3)	74
Restructuring and related costs	259	118	39	35	24	216	28	34	29	67	158	112	37	27	176
Amortization of intangible assets	58	14	15	12	12	53	12	12	12	12	48	15	11	9	35
Transaction and related costs	-	-	-	-	9	9	38	58	(33)	5	68	-	4	4	8
Total Costs and Expenses	10,203	2,470	2,374	2,330	2,521	9,695	2,301	2,377	2,160	2,394	9,232	2,123	2,089	1,970	6,182
Income (Loss) before Income Taxes & Equity Income	568	(16)	193	167	226	570	134	133	192	139	598	83	200	230	513
Income Taxes	62	(24)	43	18	444	481	40	38	142	37	257	(8)	50	66	108
Equity in net income of unconsolidated affiliates	127	40	20	30	25	115	(68)	19	43	39	33	45	34	58	137
Income from Continuing Operations	633	48	170	179	(193)	204	26	114	93	141	374	136	184	222	542
(Loss) Income from discontinued operations, net of tax	(1,093)	(6)	-	3	6	3	-	-	-	-	-	-	-	-	-
Net Income (Loss)	(460)	42	170	182	(187)	207	26	114	93	141	374	136	184	222	542
Less: Net Income attributable to Noncontrolling Interests	11	2	4	3	3	12	3	2	4	4	13	3	3	1	7
Net Income (Loss) Attributable to Xerox Holdings	(471)	40	166	179	(190)	195	23	112	89	137	361	133	181	221	535
Amounts Attributable to Xerox Holdings															
Net income from continuing operations	622	46	166	176	(196)	192	23	112	89	137	361	133	181	221	535
(Loss) Income from discontinued operations, net of tax	(1,093)	(6)	-	3	6	3	-	-	-	-	-	-	-	-	-
Net Income (Loss) Attributable to Xerox Holdings	(471)	40	166	179	(190)	195	23	112	89	137	361	133	181	221	535
Preferred Dividends/	- Basic	24	4	3	4	3	4	3	4	3	14	4	3	4	11
Other	- Diluted *	24	4	-	-	3	4	3	4	-	14	-	-	-	-
Weighted Average Shares	- Basic	253	254	254	255	254	255	255	251	236	249	229	224	220	224
	- Diluted *	256	256	263	263	257	257	258	254	246	252	240	235	231	235

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	2016	2017					2018					2019			
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	YTD
Earnings Per Share															
- Basic:															
Continuing operations	2.36	0.17	0.64	0.68	(0.78)	0.70	0.08	0.42	0.34	0.56	1.40	0.57	0.79	0.99	2.34
Discontinued operations	(4.31)	(0.03)	-	0.01	0.02	0.01	-	-	-	-	-	-	-	-	-
Total Basic Earnings (Loss) per Share	(1.95)	0.14	0.64	0.69	(0.76)	0.71	0.08	0.42	0.34	0.56	1.40	0.57	0.79	0.99	2.34
- Diluted:															
Continuing operations	2.33	0.16	0.63	0.67	(0.78)	0.70	0.08	0.42	0.34	0.56	1.38	0.55	0.77	0.96	2.27
Discontinued operations	(4.26)	(0.02)	-	0.01	0.02	0.01	-	-	-	-	-	-	-	-	-
Total Diluted Earnings (Loss) per Share	(1.93)	0.14	0.63	0.68	(0.76)	0.71	0.08	0.42	0.34	0.56	1.38	0.55	0.77	0.96	2.27
Key Ratios - GAAP:															
Gross Margins															
- Sales	36.4%	37.5%	35.7%	37.2%	35.1%	36.3%	37.0%	36.0%	37.0%	36.5%	36.6%	38.1%	33.1%	35.9%	35.6%
- Services/Maintenance/Rentals	41.0%	40.1%	42.8%	41.0%	43.2%	41.8%	40.8%	41.7%	41.4%	42.0%	41.5%	41.1%	42.5%	42.2%	41.9%
- Financing	60.6%	56.6%	55.4%	54.8%	52.1%	54.8%	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	46.7%
- Total	40.0%	39.7%	40.6%	40.1%	40.3%	40.2%	39.8%	39.9%	40.1%	40.0%	39.9%	40.3%	39.2%	40.0%	39.8%
SAG as a % of Revenue	24.5%	25.8%	24.4%	25.2%	23.2%	24.6%	25.8%	24.9%	24.8%	21.9%	24.3%	24.8%	22.7%	23.3%	23.6%
Tax Rate	10.9%	150.0%	22.3%	10.8%	196.5%	84.4%	29.9%	28.6%	74.0%	26.6%	43.0%	-9.6%	25.0%	28.7%	21.1%
Ending Xerox Employment	37,600	37,200	36,900	36,100	35,300	35,300	35,000	34,300	33,200	32,400	32,400	30,900	27,900	27,600	27,600

*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)**

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

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

	2016	2017				2018					2019				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	YTD
Revenues															
Sales	3,861	843	916	872	1,053	3,684	845	927	856	993	3,621	750	825	804	2,379
Services, maintenance and rentals	6,585	1,535	1,577	1,552	1,623	6,287	1,519	1,515	1,431	1,476	5,941	1,393	1,403	1,336	4,132
Financing	325	76	74	73	71	294	71	68	65	64	268	63	61	60	184
Total Revenues	10,771	2,454	2,567	2,497	2,747	10,265	2,435	2,510	2,352	2,533	9,830	2,206	2,289	2,200	6,695
Cost of Revenue															
Cost of sales	2,456	527	589	548	683	2,347	532	593	539	631	2,295	464	552	515	1,531
Cost of services, maintenance and rentals	3,882	919	902	915	922	3,658	899	883	838	856	3,476	821	807	772	2,400
Cost of financing	128	33	33	33	34	133	34	33	33	32	132	32	33	33	98
Total Cost of Revenue	6,466	1,479	1,524	1,496	1,639	6,138	1,465	1,509	1,410	1,519	5,903	1,317	1,392	1,320	4,029
Gross Profit															
Sales gross profit	1,405	316	327	324	370	1,337	313	334	317	362	1,326	286	273	289	848
Services, maintenance and rentals gross profit	2,703	616	675	637	701	2,629	620	632	593	620	2,465	572	596	564	1,732
Financing gross profit	197	43	41	40	37	161	37	35	32	32	136	31	28	27	86
Gross Profit	4,305	975	1,043	1,001	1,108	4,127	970	1,001	942	1,014	3,927	889	897	880	2,666
Research, development & engineering	463	111	102	105	106	424	100	101	102	94	397	92	88	100	280
Bad Debt Expense	37	13	9	8	3	33	13	12	10	1	36	13	12	13	38
Selling, administrative and general exp. (Excl Bad Debts)	2,599	621	617	622	633	2,493	615	612	573	554	2,354	535	507	500	1,542
Total Selling, administrative and general exp.	2,636	634	626	630	636	2,526	628	624	583	555	2,390	548	519	513	1,580
Non-financing interest expense	181	36	24	29	30	119	29	27	28	28	112	27	26	27	80
Aggregate Exchange losses / (gains)	13	3	1	-	-	4	(2)	1	3	3	5	2	-	4	6
All other, net	6	2	9	(12)	(1)	(2)	(22)	(14)	(7)	1	(42)	(3)	2	(24)	(25)
Total Other, net	200	41	34	17	29	121	5	14	24	32	75	26	28	7	61
Total Costs and Expenses	9,765	2,265	2,286	2,248	2,410	9,209	2,198	2,248	2,119	2,200	8,765	1,983	2,027	1,940	5,950
Income before Income Taxes & Equity Income	1,006	189	281	249	337	1,056	237	262	233	333	1,065	223	262	260	745
Income Taxes	207	51	76	48	88	263	67	70	57	93	287	58	67	69	194
Equity in Net Income of Unconsol. Affil.	130	40	23	36	26	125	11	23	50	44	128	57	41	58	156
Income from Continuing Operations	929	178	228	237	275	918	181	215	226	284	906	222	236	249	707
Less: Net Income attributable to Noncontrolling Interests	11	2	4	3	3	12	3	2	4	4	13	3	3	1	7
Net Income from Continuing Operations Attributable to Xerox Holdings	918	176	224	234	272	906	178	213	222	280	893	219	233	248	700

**Xerox Holdings Financial Model - Non-GAAP basis
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(in \$ millions, except per-share data)

	2016	2017					2018					2019			
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	YTD
Earnings Per Share															
Continuing Operations:															
Preferred Dividends - Adjusted EPS *	(24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Earnings per Share	3.49	0.67	0.86	0.89	1.03	3.45	0.68	0.80	0.85	1.14	3.46	0.91	0.99	1.08	2.97
Adjusted Weighted Average Shares *	256	263	263	263	264	263	264	265	261	246	258	240	235	231	235
Key Ratios - Adjusted:															
Gross Margins															
- Sales	36.4%	37.5%	35.7%	37.2%	35.1%	36.3%	37.0%	36.0%	37.0%	36.5%	36.6%	38.1%	33.1%	35.9%	35.6%
- Services/Maintenance/Rentals	41.0%	40.1%	42.8%	41.0%	43.2%	41.8%	40.8%	41.7%	41.4%	42.0%	41.5%	41.1%	42.5%	42.2%	41.9%
- Financing	60.6%	56.6%	55.4%	54.8%	52.1%	54.8%	52.1%	51.5%	49.2%	50.0%	50.7%	49.2%	45.9%	45.0%	46.7%
- Total	40.0%	39.7%	40.6%	40.1%	40.3%	40.2%	39.8%	39.9%	40.1%	40.0%	39.9%	40.3%	39.2%	40.0%	39.8%
Adjusted Operating Margin	11.2%	9.4%	12.3%	10.7%	13.3%	11.5%	9.9%	11.0%	10.9%	14.4%	11.6%	11.3%	12.7%	12.1%	12.0%
SAG as a % of Revenue	24.5%	25.8%	24.4%	25.2%	23.2%	24.6%	25.8%	24.9%	24.8%	21.9%	24.3%	24.8%	22.7%	23.3%	23.6%
Adjusted Effective Tax Rate	20.6%	27.0%	27.0%	19.3%	26.1%	24.9%	28.3%	26.7%	24.5%	27.9%	26.9%	26.0%	25.6%	26.5%	26.0%
Non-GAAP Adjustments:															
Restructuring and related costs	259	118	39	35	24	216	28	34	29	67	158	112	37	27	176
Amortization of intangible assets	58	14	15	12	12	53	12	12	12	12	48	15	11	9	35
Non-service retirement-related costs	121	60	34	35	59	188	25	25	33	67	150	13	10	(2)	21
Contract termination costs - IT service provider	-	-	-	-	-	-	-	-	-	43	43	-	-	(8)	(8)
Transaction and related costs	-	-	-	-	9	9	38	58	(33)	5	68	-	4	4	8
Loss on early extinguishment of debt	-	13	-	-	7	20	-	-	-	-	-	-	-	-	-
Restructuring and other charges - Fuji Xerox	3	-	3	6	1	10	79	4	7	5	95	12	7	-	19
Remeasurement of unrecognized tax positions	-	(16)	-	-	-	(16)	-	-	-	-	-	-	-	-	-
Tax on adjusted items	(145)	(59)	(33)	(30)	(44)	(166)	(27)	(32)	(10)	(50)	(119)	(31)	(17)	(7)	(55)
US Tax Act	-	-	-	-	400	400	-	-	95	(6)	89	(35)	-	4	(31)
Total Non-GAAP Adjustments	296	130	58	58	468	714	155	101	133	143	532	86	52	27	165

*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
(unaudited)**

(in \$ millions)	2018					2019				2019	2019
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	YTD	YOY CC % Change	YOY CC % Change
Revenue											
Entry	53	62	56	66	237	53	52	49	154	(10.9)%	(7.9)%
Mid-range	334	390	351	418	1,493	302	350	344	996	(1.2)%	(6.0)%
High-end	92	100	94	138	424	89	97	96	282	3.4%	0.8%
Other	20	9	10	7	46	4	5	5	14	(50.0)%	(64.1)%
Total Equipment Revenue	499	561	511	629	2,200	448	504	494	1,446	(2.2)%	(6.4)%
Americas	1,535	1,612	1,545	1,616	6,308	1,410	1,504	1,487	4,401	(3.6)%	(5.8)%
EMEA	795	799	713	830	3,137	712	708	641	2,061	(6.8)%	(6.0)%
Other	105	99	94	87	385	84	77	72	233	(24.2)%	(22.1)%
Total Revenue	2,435	2,510	2,352	2,533	9,830	2,206	2,289	2,200	6,695	(5.3)%	(6.5)%
Installs (1)											
Entry A4 MFPs											
Color	4%	21%	(8)%	11%	12%	10%	(12)%	10%	1%		
B&W	18%	21%	21%	9%	17%	(2)%	1%	(6)%	(2)%		
Mid-range											
Color	16%	29%	8%	3%	10%	(7)%	(12)%	2%	(6)%		
B&W	11%	13%	19%	1%	8%	(19)%	(9)%	(20)%	(16)%		
High-end											
Color	6%	(9)%	(17)%	(12)%	(9)%	(14)%	1%	12%	(1)%		
B&W	(9)%	(12)%	(3)%	(34)%	(18)%	(12)%	(33)%	(22)%	(22)%		

Notes:

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

CC = Constant Currency